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BATTLE COUNTRY

C. Robinson
SB

NEW FALLACIES OF MIDAS

NEW FALLACIES OF
MIDAS

*A SURVEY OF INDUSTRIAL
AND ECONOMIC PROBLEMS*

BY
CYRIL E. ^{Edward} ROBINSON.

With an Introduction by
SIR GEORGE PAISH.

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U. R.

PREFACE

Books on Political Economy increase and multiply. They are a natural by-product of the war, which has caused all classes to take stock afresh of their economic destiny ; nor is it much wonder, when all is topsy-turvy, that a new diagnosis should be drawn and a new remedy prescribed by half-a-dozen authors in each week.

But, while the demand for economic literature is great, and the supply keeps pace with the demand, there still perhaps lacks something. Amid all the maze of argument and theory, the puzzled layman needs some guide : yet there is no one book to give him precisely what he wants. We have excellent manuals, wide in scope, strict in method, scientific in approach : but too often the manual makes dull reading ; its language is academic, overweighted with a jargon of technicalities and abstract definition. It may be true that Socialism is " a coercive co-operation, not merely for undertakings of a monopolistic nature, but for all important productive enterprises " ; but, however true the words, the mind is apt to falter at such formal logic ; and the very need for a thorough exposition, which will press analysis to its extreme, must yet serve to blunt the writer's own enthusiasm and leave the reader cold. The manual, with the best will in the world, can seldom touch the matter into life.

PREFACE

mental issues doubtful, I have begun at the beginning : and there can be no making matters clear without some monotony of formal spade-work and abstract definition ; yet I have tried, so far as may be, to avoid the use of academic phrasing or mechanical expression.

Nor have I wished to lose from sight those ethical and political values, which, though they are not strictly economic, were far too often neglected by the early economists. I have tried to foresee the conditions upon which man's happiness must be built, as well as the methods whereby his wealth is to be got. To be content with cold analysis is to-day impossible : the problems are too vital : and, though all prophecy is dangerous, we must needs anticipate some practical solution. We must confront the future in the strength of some reasoned faith.

Without the advice and guidance of Sir George Paish, the undertaking must have been far less ambitious. His kindness in writing the introductory chapter has placed me very much in debt : but it is perhaps the least of the debts I owe him. My special thanks are also due to Mr. A. E. Zimmern for his helpful revision of the chapters.

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INTRODUCTION BY SIR GEORGE PAISH

OF the many objects for which this war was begun it is now beyond question that the main one was the preservation of military autocracy in Germany and in Austria. It is now equally evident that of the many consequences of the war the chief one will be the emancipation of democracy, not merely in Germany, in Austria and in Russia, but throughout the world.

In Russia, where events have moved faster than elsewhere, revolution is already well on its way to its final stages. It is true that so far a bureaucratic autocracy appears to have been merely replaced by an oligarchy. Nevertheless the eventual introduction of democratic government is not much in doubt, and it is probable that the people of Russia will for the future control their own destinies by means of small republics for local matters and of a federal republic for national and international affairs.

In the Austrian Empire revolution and dissolution have taken place already, and probably somewhat similar conditions to those prevailing in Russia will be witnessed both in Austria and in Hungary in the early future. Small local republics are likely to be formed, and eventually some kind of federal republic, including the greater part of the existing Austrian Empire together with some of the Balkan States, will probably emerge from the chaos.

In Germany the revolutionary movement towards democracy is causing great uneasiness to the enemy government, and there are strong reasons for expecting that before many days pass by the militarist autocracy

the autocratic nations will become democratic and the democratic nations more democratic, there will be less danger of disorder throughout the world than there has been hitherto. For all practical purposes the danger of democratic nations acting unjustly or failing to maintain order and respect for law or refusing to honour their obligations may be completely disregarded. The rise of democracy means a high standard of honour, the recognition of justice, the observance of law and greater security, both for life and for property.

At no time did the credit of Republican France stand higher than it did before the war; at no time has France been more highly respected or more fully trusted than at the present moment, and no one doubts her intention or her ability to honour the great debt she has incurred in waging this life and death struggle for democracy against autocracy, or to act justly, indeed, mercifully, not only towards all sections of her own people, but towards all other nations which desire and intend to live in harmony and in friendship with her, and to observe those principles of freedom, equality and brotherhood which are the glory of modern France.

Again, democratic America, which is the greatest marvel of modern times, reveals clearly the increasingly high standards of conduct demanded by democracies. The credit of no country was higher than that of America before the war, or will be higher after the war, and in no country was education more highly appreciated, was there a greater love of justice, greater sympathy for the oppressed and the unfortunate, greater equality of opportunity and of self-realisation, a higher measure of individual happiness, or a greater

observe certain elementary and primary truths, in order that the new structure may be erected upon such solid foundations, and so strongly built, as to leave no doubt as to its permanence, its utility and its comprehensiveness.

The first of these truths is that the structure of society in each nation as well as of the whole world, whether upon its political side or its economic, or its social, or its religious, must be based upon the character of each nation, for just as character inevitably governs the aspirations, the activities, and the attainments of individuals, in the same manner national character must govern the structure of nations.

The second of these truths is that the structure of society in each nation cannot be much in advance of the mental and spiritual development of the average individual, and that no nation can rise to the level of its possibilities until the individual is both educated and enlightened.

The third is that the economic possibilities of a nation in these days of international intercourse and of international transit are governed not so much by its own natural resources as by the mentality and character of its people.

And the last is that in a world of nations firmly bound together by democratic principle every nation would not only have world wide markets for its productions, but would be assisted to produce all that its natural resources permit it to produce or the intelligence and skill of its peoples render it capable of manufacturing. The limits hitherto placed both upon consuming power and upon production would therefore disappear, and the measure of well-being in each nation would accord

disappearance of the nobles they will probably demand a greater measure of assistance from the State in obtaining the additional machinery they will need to expand their productions, as well as in the work of transporting their produce at home and abroad. The economic system of Russia for some time to come must necessarily be a combination of Communism and of State Socialism.

In Germany and Austria also the environment in which the great mass of the people have hitherto been placed renders them quite incapable of thinking for themselves, and inasmuch as everyone has so long been accustomed to rely upon the State in all matters, the German as well as the other peoples of the two countries, even when they completely control and are responsible for their own governments, will still necessarily continue to need the help of the State. Hence, for a time at any rate, any government that may be set up, whether it be a limited monarchy, or as seems most probable, a republic, will be compelled by force of circumstances to pursue a policy of State Socialism of the purest description.

On the other hand the French people are accustomed to individual thought and initiative, and desire great individual freedom, not only in agriculture but in industry. Consequently, there is a general disposition shown by workmen to adopt co-operative methods of manufacture rather than to continue to be employed by individual capitalists. This disposition is due to their desire for a voice in controlling their own lives, as well as to their wish to participate in greater measure in the profits of industry. The character of the French people thus points to an individualistic economic policy,

The British people are essentially independent and individualistic, they hate authority and dislike control, unless self-created and self-imposed. Their most pronounced characteristic, and their greatest asset, is a fund of what is generally described as common sense and a sense of proportion, and they prefer to judge each question on its merits, when they are compelled by force of circumstances to come to a decision, rather than allow their decision to be governed by theoretical considerations alone. When they have the choice of two policies they usually follow the one which promises to give the best results, however hazardous it may be, and are quick to follow a leader who shows boldness and enterprise, combined with practical wisdom. Their love of adventure has not only made them a sea-faring nation but has led them to take chances of all kinds. Hence they have been for many years and still are the most enterprising of all the nations. The activities of their bankers, manufacturers, merchants, shipowners, under-writers, contractors and producers generally, are world-wide, while their investors are interested in almost every great enterprise wherever it may be situated, from the North to the South Pole.

In the work which these few notes will introduce to the reader Mr. Robinson gives a valuable, an instructive and an impartial survey of the trend of economic thought and of economic policy in modern times, and in his concluding chapters he deals faithfully with the questions of Socialism, Syndicalism or Guild Socialism and Individualism. These chapters necessarily reflect anxiety as to the economic policy which this country may pursue when the spirit of democracy is as prevalent and as highly developed as it is likely to be after the war.

roads, of collecting and delivering letters, of producing and distributing gas, water and electricity, of providing a telephone service, of educating the children, and of performing other duties which it could perform with great advantage. After the war the State will probably extend its activities to railway transportation, which can be rendered much more useful and of much greater value by unification, to insurance of the working classes against all the misfortunes to which they are subjected, including unemployment assurance for all, as well as widowhood insurance, and to a number of other things which urgently need to be undertaken by the State. But these things will not be undertaken until the British people are convinced that such a course is in the general interest and the proposal to undertake them does not warrant uneasiness.

Again, it is probable that the principle of co-operation, which is really what is meant by Syndicalism and Guild Socialism, when the latter are shorn of their sinister attributes, will be extended from distribution, insurance, clubs and other ventures to production.

If the extension of co-operation to production is successful as under present circumstances it is likely to be, the benefit to the nation will be very great, for then the workers will be their own masters, and the constantly arising friction between capital and labour will for ever disappear. But it is obvious that co-operative production can be introduced into very few industries, at any rate until a great deal of experience is gained of its working. Coal mining seems to be the one industry adapted to the new departure where the workers are anxious to try the experiment. Provided that the

will not only render the peace of the world much more secure than hitherto, but as soon as the period of transition from war to peace, from autocracy to democracy, is passed through, it will bring to the world a degree of well-being that cannot be attained unless men and women labour in an atmosphere of liberty, with the energy of hope and the promptings of affection.

GEORGE PAISH.

7th November, 1918.

CHAPTER I

THE FALLACY OF MIDAS

(i.)

ONCE long ago there lived in Asia Minor, a king called Midas, who formed an economic theory, and this since he was a special favourite of the Immortals he was permitted to carry into practice. Like many other economic theories, it might have looked well enough on paper ; but in execution it was a terrible fiasco. According to the definition of wealth which this ingenious monarch had proposed, it was gold alone which counted, and according to that definition he saw himself a made man. For he prayed that everything might turn to gold under his touch and his prayer being granted, he was well on the way to become a millionaire (for a quite insignificant expenditure of trouble), when to his dismay he found himself on the border of starvation. Whatever he drank, were it wine or water, turned into liquid gold as it passed his lips ; if he tried to eat his teeth grated upon an uncompromising lump of metal. There was but one escape from his dilemma, and that was by a reversal of the god's decree ; and had it not been for the generosity of Olympus he would have died from want like any pauper. His whole hypothesis concerning wealth had broken down.

Mankind is slow to learn whether by precept or example ; so the moral of Midas' misfortune was largely lost upon the world. Centuries passed, and in the course of history, his blunder was repeated, this time in a more western land, and not

in coins ; we begin to realise something of the elements of world finance, and the mysterious powers of credit. Nobody now would gauge our national prosperity by counting the bullion stored up in the national banks. And if we cannot define precisely what we mean by wealth, we can at least quote trade statistics, and strike a balance between the total values of exported and imported goods. Yet sooner or later (if we are to think at all about such things), we must face the question " What is wealth ? " and answer it if we can. For the real cause of Midas' fiasco and Spain's disaster lay not so much in their hurry to be rich, as in the mistaken answer which they gave to this perplexing question. We all need wealth and we spend the greater part of our waking hours in the endeavour to obtain it, but what precisely is this wealth we are seeking we seldom trouble to enquire ; and most of us would find it hard indeed to give a satisfactory answer. Midas said gold ; but repented at leisure. Others with higher wisdom might hazard a country house, a shooting moor, a well-filled stable ; but that would hardly meet the notions of a bibliophile or a native from Honolulu. Tastes differ ; and any attempt to pin all mankind to some such arbitrary choice, would leave half the world as miserable as Midas. So we had best seek to frame no concrete definition or we shall be caught in some fallacy every whit as blundering as his.

None the less, whatever wealth may be, we are all agreed that wealth is what we need ; and so, I suppose, it would be true to say that wealth is that which satisfies our needs. Whatever ministers to our bodies' wants, gives pleasure to our senses, food for our minds, or comfort in our homes, all this is wealth ; not the outward signs of material well-being only, food and drink, houses and furniture, finery and trinkets ; but no less the view of a mountain side seen

But for all these things, before we can enjoy them, Nature demands a price, a toll ; and this too (though here perhaps the gods were equally to blame) Midas had forgotten. The earth is a niggard minister ; she yields us what we ask, but ever since Adam and Eve walked out of Eden, she has yielded it only on one strict condition ; we must work for it. We must sow, reap, dig, build, and win our livelihood generally by honest sweat. Metal a thousand feet below earth's surface is no more wealth to us than the lost mines of Solomon. It must be fetched from its hiding-place, molten in a furnace, beaten into shape ; not till then will it be valuable to man. As without the sculptor's handiwork the marble block will be no statue, so without labour the earth's resources cannot become wealth. Man and nature have entered into partnership to supply man's wants. Sometimes there are cases when one or the other seems sleeping-partner in the business. We may have blackberries, or (in India) bananas, as a free gift ; or a man sings a song, acts a play or delivers a lecture, and he may boast to nature that he has satisfied his fellows and yet done without her. Nevertheless, in however small degree, the partnership still holds valid. The blackberry must at least be picked ; the singer or lecturer must use the voice which nature has given him. Nature's part, in fine, we cannot cancel ; we can only endeavour to control her. If rains fail or coal mines are exhausted, we must accept the circumstance. We are answerable for our part and for that only ; we endeavour to extract from nature what we can, and if at this advanced stage of the world's history the result falls short of our requirements, it is for us to say whether we have played our part foolishly or wisely.

daubing the putty with his thumbs. They have no precise reason to give for wishing it ; they do not say that it is good for a man to be active ; for in that case, they would first take the trouble to enquire how the man's leisure hours are spent. But that at any rate is not their argument. The idea that has captured their minds is the far more venturesome hypothesis ; that the plumber wants or should want to mend windows, the miner to dig coal, and the engineer to manufacture machinery, for the work's own sake, which is a very different matter.

A Chinese writer tells the story of a tactful mandarin who at the close of a long and honourable career, retired to the borders of a lake, where he spent the remainder of his days in angling for fish. For so skilled a man his sport seemed singularly unproductive, till one fine day it was discovered that he used no hook at all upon his line ; for it was not, it seems, his intention to catch fish. In China this may pass for the wisdom of a philosopher ; but we should call it the act of a fool. Here in Europe there is a strong presumption that if men angle, they angle to catch fish, and upon the same sound principle, they work, if they work at all, in the expectation of reaping some return. Labour, in other words, is a means to some end beyond itself. First and foremost men work not because they want to, but because they want something which work alone can give.

Yet for all this, many men love their work ; it is something more than habit or sense of duty which keeps them at their desk or at their bench long after the actual necessity for work is gone. The truth is that the love of activity, the desire to be up and doing is far stronger in our nature than the love of ease and leisure. Between the alternatives of action and inaction few would hesitate in their choice ; least of all those who have experienced the tedium of an idle

There is a vital energy in man which craves an outlet, ideas, emotions, inspirations, which demand to be translated into action ; and we must believe (unless we are to despair of human nature) that every man, however indolent or stupid, has some hidden talent, some innate capacity which it gives him pleasure to employ. One, may be, is ready with his hands, and longs to gratify the instincts of a craftsman ; another has a taste for the sea, and delights in the navigation of a boat ; a third loves flowers and finds happiness in growing them. To these their several occupations echo in some real sense the inner workings of their personality. But the trouble is not so much that the wrong men find their way into the wrong professions, but rather that the great majority of trades afford men no such opportunity of realising their true selves. Most of the talk about the " blessedness " of manual labour is sheer cant ; if those who use that phrase were to spend twelve months in digging coal, or laying bricks, or ploughing up the soil, they would soon realise that in such tasks of unrelieved monotony there is small satisfaction to the soul of man. Ten hours of hoeing in a field of turnips may be good moral discipline, but discipline implies preparation for some further and higher purpose. Soldiers are drilled that they may keep their ranks when the day of battle comes ; but the realisation of the soldier's self comes not in the drill, but in the victory. So the drudgery which turns human beings into unintelligent machines, is not what human beings themselves desire, or should desire. The Greeks, who understood life better perhaps than most modern people, were quite clear upon the point. Aristotle held that no man had attained the full measure of his human birth-right who spent three-quarters of his day and all his energies upon purely manual labour. In the past the life-work of more than half the world's inhabitants has been as soulless

broken bough, grinding the grain between two boulders, and then, as like as not, going hungry to bed, because the rain put out his fire. The wonder is that he should have survived at all. For to make matters worse he bred and multiplied exceedingly, and just when it seemed to call for a miracle to provide food for all the mouths, the miracle actually did happen. For there broke on his dull brain the magic of invention. Some bright spirit,—Tubal Cain is the name which legend gave him—was one day discovered turning up his fallow with a preposterous implement to which he had actually harnessed the elder and stronger members of his family. I have little doubt that his neighbours called him ugly names, said that this was an improper use of children, and that it was worse than useless to plough the soil so deep, and generally prophesied disaster. None the less his crop succeeded; he had broken four acres to his neighbour's two, and ear for ear his yield was twice as heavy. After that inventions followed thick and fast; first came wheeled carts, saving an infinity of trouble; then boats for the navigation of seas and rivers; more wonderful still machines which would turn yarn into cloth with twenty times the speed of the most skilful hand weaver. By the time all this was accomplished, it might be thought that man would have been contented with his lot; for food of a sort was now plentiful; his labour was lighter; and the animals had long ere this been made his slaves and upon them were foisted the least attractive of his tasks; he might well let invention be; but not a bit of it; he went one better and proceeded to harness, as they say, the elements. Fire, water, electricity (we have reached our grandfathers' time by now) were each in turn summoned in to pay; and he can boast to-day of engines and machineries so powerful and efficient that one man at a lever can perform the function of ten, twenty, or a hundred

fourth pasted them together at the back, a fifth stamped the title, a sixth, sheared the leaves ;—and, in short, all that Caxton and his apprentice performed with two pairs of hands, now engages an army of workers. The result is that where the Westminster Press turned out a single book the modern publishing house can turn out a thousand ; and publication is so cheap that the deluge of printed matter is nothing short of a general nuisance. It is the same with every trade. Specialised labour is an art we have learned perhaps only too well, but though the clothes, pictures, furniture, crockery and wall-papers which our great factories shower upon us, are inartistic sorry stuff, they are at least both plentiful and cheap.

It is a far cry from the ample conveniences of modern life back to the naked destitution of our forefathers. Thousands of years have passed since they faced the grim alternative of grinding drudgery or sure starvation. To say that their dilemma has been solved is perhaps to say too much. The masses are still discontented with their lot, and heaven knows there is little remission from their toil. But there are those who claim that the solution lies already in our power, did we but care to grasp it. They tell us that we have only to abolish property, tax the land, nationalise the railways, adopt a tariff, or apply once and for all some grand heroic remedy and the millenium will be here to-morrow. I doubt if it is as near as that, or whether, when it comes, it will be by such means as these ; but it is something surely that such a hope is even whispered. We may not yet have reached the goal ; but let us at least recognise what a distance we have travelled.

Man's first aim, as we said, was the satisfaction of his wants. How far has he achieved that ? He began life in a beggarly fashion, scarcely able to keep body and soul together. Now, even the poorest are able to feed, house and clothe themselves and find, perhaps,

would have thought had he heard men seriously proposing the introduction of an eight hour day.

The world is not perfect yet ; many work too hard and go too short ; but the great change has begun ; and labour to-day claims shorter hours, entails less physical exhaustion, yet at the same time is infinitely more productive than the wisest prophet could ever have foretold.

Yet it is not to be thought that the march of civilisation is a sort of Rake's progress, and that as life becomes easier and pleasanter for man, he must needs fall into careless, idle ways ; far otherwise. His vigour is not diminished by the increase of his powers. The better trained his mind, the greater his capacity for work ; and as work becomes more complex, it calls for a more concentrated and effective energy. The performance of modern music (to take one striking instance) demands an exercise of mind and body, such as no mediæval minstrel ever dreamt of. The modern craftsman may work short hours ; but during those hours his whole energy and attention are set upon his task, nor is even his leisure wasted after the manner of the agricultural labourer, whose favourite relaxation is a complete vacancy of mind. The world, in short, will be found more alert to-day, more ambitious and (if you will) more restless than ever it was before. Our life is crowded with incident and variety of occupation ; and if reformers clamour for a reduction of working hours, it is not a sign that the race has become lethargic or enfeebled. Rather it points to a fuller and higher conception of life's purpose, and reminds us that there exist other activities than the winning of daily bread. For, in a sense, all activity is work. The reading of a book which kindles ideas or informs the mind is work ; talk which sets the brain thinking is a more worthy use of time than hoeing turnips. So what we need to consider is not how much

come when a six hour working day will be the rule ; and then we shall be even more at a loss to utilise a leisure thus enlarged. A real need will be felt for a motive which will give a fresh unity to life and enable a man to feel that all his activities are directed to one purpose and not two. That motive cannot be a merely selfish motive ; for the longer are the hours of leisure, the more inadequate will mere amusement be to fill them. So men will naturally be driven to devote more of their spare time to acts of useful service. Each in his own way will contribute something towards making life more pleasant, more enlightened and more beautiful for his fellowmen ; and in so doing he will find more contentment than in his wasted hours.* And, since this motive of service is also the motive by which all true and honest work is inspired, we shall find in it the very unity of purpose which we have sought. Nor is it strange that such an ideal alone should satisfy ; for alone it is able to give to the scattered incidents of life a clear connected meaning. It is not like that spurious religion which begins at the Church door and is forgotten from Monday morning till Saturday night. It embraces the whole of man's activities, and passes with him from the toil and sweat of the workshop into the pastimes and amenities of life.

* If this statement seems to strike too high a moral note, it is only necessary to refer to the Boy Scout movement for support of it. Boys are happier doing a "good turn" to a neighbour or improving the efficiency of the troop than they ever were when idling at street-corners or attending the local cinema.

Capital is a word with a falsely financial sound about it. Too often we speak of it, as though it were a matter of bank-notes or dollars or pounds sterling, a mere parcel of stocks and shares, or a deposit at the bank. But these are only the tokens and arithmetical symbols of capital. For capital itself may take a thousand or ten thousand forms.

The short parable which follows will make my meaning clear.

Not many years ago, Mr. Pennywise, the well-known print collector, who then lived in a villa at Ealing, and worked in the city as a clerk, having saved a couple of hundred pounds, invested the whole of that sum in Mexican Railways—a transaction calculated, as he thought, to bring in due course a welcome addition to his income. He flattered himself vastly on this wise disposition of his savings and entertained a secret contempt for an improvident neighbour who had expended a similar sum upon the purchase of a car. The railway dividends, when they arrived, exactly covered the cost of a second class season ticket to town where his business then took him every week-day of the six. His neighbour on the other hand, who had been previously accustomed to travel with him in a third-class carriage, now preferred to make the journey in a car. Both men were well-satisfied with this change in their daily habits, and with the use to which their capital was put, but as events proved the owner of the car still continued to enjoy the luxury of his morning and evening drive long after the calamitous outbreak of civil war in Mexico and the subsequent collapse of Mexican Railroad stock. During the next year and for many years which followed, the Mexican investment paid no dividend at all, and this disaster so changed the financial preconceptions of Mr. Pennywise that he resolved to employ his future savings in the purchase of old prints, in which, as it chanced,

find him in the field. He was up in the mountains chipping at a flint. This was a lengthy business; but when at last the axe was made, he took it out into the forest and felled a tree out of which he fashioned a strange, but not ineffective implement for breaking up the soil; and when seed time came round a second time, he was better armed than ever before. He soon discovered that his year's work had brought him a two-fold benefit; first he was able to break up a double acreage of land producing at least a double quantity of corn; and secondly he was able to break it with half the expenditure of strength. His new tools were a permanent aid in the production of fresh wealth, and from them he derived a recurrent benefit—and not he alone but his sons and his sons' sons after him. His axe and spade perished, or were discarded; but other and better implements took their place. And so by slow degrees the world became immeasurably richer, being stocked by centuries of labour. We, the heirs of those who have gone before, live in houses we did not build, draw water from cisterns we did not dig, and eat the fruit of vineyards and orchards which others planted long before our time. Implements of a thousand kinds, machinery, mines, railroads, ships, harbours, and whatever else we inherit, these are the things the possession of which makes life so easy for us, and the lack of which would make it at once so difficult. They are the world's capital.

All capital comes from a surplus. By the nature of things man is constantly consuming what he produces; and if his consumption keeps even pace with his production, no progress can be made. Somehow or other he must get ahead of his consumption, pay his way in advance, steal, as it were, a march on time. The opportunity may come to him in one of three different ways—it may come by working harder, as the stone-age man might have made his axe by sitting up at

company or business, or lends it to a bank which does this for him. Yet the transaction is virtually the same. If he buys shares in a cotton mill, he becomes owner or part owner of a machine which makes handkerchiefs for other men ; and these other men will give him money for the same wherewith to satisfy his own needs. Even when capital is counted in millions, and finance is one vast game of I.O.U's there is still no difference. When men speak for instance of the nation's capital, it is not of hoarded gold that they are thinking, but of our coal mines and iron foundries, our docks and steam-boats and ship-canal, our railroads and factories, not in England only but built by English enterprise and by English savings in every quarter of the globe. These, like the primitive axe-head, are simply the results of a surplus well and wisely used. Capital and interest are but new names for things which have existed since the world began.

And since the world has been going for a good while now, the bulk of its capital has steadily and prodigiously increased until the very face of nature has been transformed by the handiwork of man. Capital is all around us, not only in the roads by which we travel but in the lamps which light them up at night, not only in the dams which keep our rivers from flooding out the valleys, but in the pleasure-boats which cruise upon them. In a word, it is the whole paraphernalia of civilised existence. In every trivial daily act we needs must use this accumulated product of man's toil both past and present ; and we have come so to rely upon its use that if it were suddenly taken from us we should be plunged back into those dark and helpless ages when mankind lived and fed like beasts, when to sleep was to sleep under the stars, when to travel was to go afoot ; when each depended for his very survival upon brute strength, tough teeth and nimble fingers. These at least man still controls whatever catastrophe

of production, there is one agent which it is of first importance that we should not forget. We must never omit to foster that human capital (if so it may be called) which consists in the physical powers and mental efficiency of man himself. It is far better to build up a healthy, and keen-witted race than to erect an extra factory or mill. For machinery may be bought at too dear a price, if the economy which buys it starves the strength and vigour of men who work it. So it is obvious that the conservation of this human capital must take precedence of all the rest, and yet this is a truth which has too often been forgotten both by individuals and by peoples. The French nation is noted as a model of thrift; the savings of French workers are invested in every continent; yet (as some think) their economy has resulted in a standard of living which is too low for maximum efficiency; and it may well be that this passion for thrift is one among other causes of a declining birth-rate. The same mistake has, in the past at least, been only too prevalent among English manufacturers, who were often more concerned with building up their business and providing new machinery than with paying their employes a wage sufficient for their wants; the natural result has been that the workers' health has been sapped by insufficient nourishment; and so what the out-put of the factories gained by improved mechanical efficiency was lost again by the incapacity of the workers to perform their best work. It is clear that to strike a proper balance between consumption of income and economy of income is never an easy matter; but before all it is necessary to realise that we have not here to deal with two alternatives, which are mutually opposed, but with two courses leading to a single goal; which, is by whatever means, to achieve the most complete and permanent satisfaction of all human needs.

living at fourteen years of age. Every day competition seems to grow tenser and more bitter. The more trade thrives, the heavier seems the demand upon our workers; and, as the world grows rich, the more conscious does it become of the poverty of millions. Fate seems to have cheated us, as Laban cheated Jacob, and just when we look to receive our promised recompense, a fresh term is added to our labours.

In all this, if there lies no fault of ours which we can remedy, there is at least a puzzle to which we must find an answer.

Dean Swift professed to find one, when he wrote his "Modest Proposal" for utilising the children of poor people in Ireland. What was wrong with the world, as he saw it, was simply that there were too many people in it. We suffer from overcrowding, and the remedy which he suggested was nothing less than to make away with superfluous babies and use them as food for the table. What Swift wrote in irony, has been maintained by others in grim earnest. Some like Malthus, though they would perhaps draw the line at the cannibal feast, are convinced that the only hope for the ship of state is to jettison some of its crew. Others, though they have no stomach for the remedy, make no doubt of the disease, and exult in the fact that birth-rates are falling among the more civilised nations. And on the face of it, the argument is specious enough. Mankind has multiplied at an amazing rate. The population of Great Britain has more than doubled in a century. That of Russia increases by four millions every year. When there are so many fresh mouths to fill, it seems inevitable that someone must go short; and, if there is a shortage, the natural consequence is a desperate struggle to survive. In short, while the old quarrel between man and nature is beginning to be settled, the war between man and man is increasing in violence.

Indeed the argument might very well be all the other way. England could hardly be so rich to-day, if her population were no greater than it was a century ago ; for our coal-fields and our iron-mines could never have been exploited. The truth is that there is a positive advantage in numbers, if proper use is made of them. A battalion in which every member's part is regulated and the strength of all combined, is something more than the aggregate of a thousand men. Such things are not to be calculated by rule of three ; and it is the same with labour. What we need is to organise our efforts, to use each individual to the best advantage, and win our way not by sheer power of numbers but by scientific co-operation. If Japhet instead of joining his brothers in Noah's field had turned his attention to the science of manures and spent his time in pounding up Mammoth's bones, I have no doubt that his labour would have been more productive than it was by working with a spade ; and the harvest would have sufficed to feed the entire population of the Ark. And so to-day, when the nation increases in numbers, it does not follow that the new-comers will necessarily be set to work at the old industries. In modern campaigns they say that three men are employed behind the firing line for every one in the trenches ; and equally in the work of production a man contributes as much to the success of the harvest, if he makes a plough as if he drives it. So, though every acre of the earth were cultivated (which it is not) there would still be room for helpers in the workshop or the mine, or perhaps even more in the laboratory or the offices of the Board of Trade. The true function of science is to increase the efficiency of the race, and not to curtail its numbers. Wise use of man-power and skilful adaptation of machinery is the swiftest cure for our industrial distresses. For not only will efficiency increase production ; but also by the increase of produc-

CHAPTER V

LUXURIES AND NECESSITIES

EVERYONE would agree that there are many pleasures which it would be better to do without ; but the agreement ceases, when we begin to consider which they are. It might be an amusing exercise to draw some imaginary line between the " necessities " and the " luxuries " of life ; but in practice such a differentiation is as useless as it is impossible. There can be no disputing about tastes ; and what one man considers indispensable to comfort, his neighbour thinks an unjustifiable extravagance. For what, are after all, the " necessities " of life ? Food and drink certainly ; but how little or how much ? Clothing is a necessity to most of us ; but not to the native of Kikuyu. Houses are indispensable, I suppose, in northern climates ; but umbrellas, clocks, ornamental furniture and pictures, we could do without every one of these at a pinch ; yet who would discover a " luxury " in the purchase of a drawing room table or a cheap print of Raphael's Madonna. Or, again, if past history is to be considered, we find no fixed or level standard. Now-a-days a decent drainage is considered a necessity ; but the Athenians with all their culture and æsthetic taste, were not of that opinion. And most certainly we should not thank some candid admirer of the middle ages for reminding us that life is tolerable without a bath.

The fact is that the " luxury " of one generation is the " necessity " of that which succeeds it. What the few enjoy to-day as a privilege, the many will demand as a right to-morrow. Human beings are

work is in some measure dependent upon the comforts of his study and his fireside chair ; and no Prime Minister would be efficient who was forced to make his own fire or to black his own boots in the morning. In short, the more we intend to give the higher faculties free play, the less interference must they suffer from the body. It would indeed be an evil day for man when he ceased to employ his hands and muscles ; but he should be master and director of his physical energies, not the slave of his physical needs ; and, as time goes on, he will more and more rely upon artificial conveniences and comforts, and eliminate the many minor occupations which now encroach upon the main business of his life, and the many trivial anxieties which distract his mind from better and worthier things.

Yet, though " luxuries " may help the individual to attain some higher standard of usefulness or culture, it must not be forgotten that his advantage is almost inevitably some other person's loss. If the supply of both work and wealth were unlimited, I and my neighbour might each of us have plenty, and the indulgence of his luxurious habit need not be made at my expense. But, unhappily, production is not unlimited. The same field cannot produce potatoes for him and pine-apples for me ; nor can a workman make boots and silver buckles simultaneously. If then I must go hungry that he may enjoy dessert, or ill-shod that he may have fine buckles to his shoes, it is not so easy to observe the precepts of the Tenth Commandment.

This is precisely the grievance which the necessitous poor may justly entertain against the luxurious rich. Even though the latter's wealth should not be wasted on mere personal enjoyment, but wisely spent in the service of science, art or culture, yet none the less the many suffer (for a time at least) by what the few will

The same argument holds good of luxury in all its many forms. If the price of imports is kept high, because a scarcity of ships makes freight dues heavy, then the Transatlantic liner with its bedroom suites and baths and tennis courts and promenades is a crime against society. If, again, cheap motor-buses are badly needed to carry labourers to their work, what right has the millionaire to occupy the mechanic's time in making him a car. It is difficult to see how this can be gainsaid, or how the sacrifice of these luxuries could fail to confer a direct benefit on others. It is too little remembered that thrift is a public service as well as a private virtue. When a man saves a hundred pounds and makes a new investment, he does something more than increase his own personal income. He also benefits the community at large. The benefit is more obvious and direct if he invests his money in a company which ministers to the public needs by making motor cars or merchant ships. But whatever be the form of investment he prefers, he is adding to the sum of the world's capital, and thereby increasing the total of the world's production; and that is after all one of the simplest ways of making the world happy.

We need to think of the world more than we do as one great household which is affected for good or for ill by the thrift or extravagance of every member. The father of a family would be blamed for spending his wages upon drink, if this meant that his children would go short of bread and butter. On the other hand, he would be acting almost as foolishly if he failed to keep himself in food and clothing adequate to the maintenance of his own efficiency or position. Certainly, if he can afford to do so without stinting his family, it is a plain duty. He has in short to steer a difficult course between conflicting claims, and he must constantly be balancing one good against the

circumstances of the individual's life and character, but the economic condition of the whole world as well. To set a true value on every new departure from the normal standard of life, we should require the gift of prophecy ; for only if we were allowed to look into the future could we tell whether (all things considered) the new departure will have assisted progress or retarded it, or whether the direction of energy into fresh channels will have been a benefit or a waste. In such ignorance of future developments men once debated and doubted the value of the railway train, and even now who can tell if the course which modern civilisation is following is the right one, and whether our growing desire for novelty and excitement, our preference for town life over country life, and our restless pursuit of luxuries at the expense of leisure will make for the ultimate happiness or misery of mankind ? The future is matter for guess work, and we must grope forward following our instincts, but still more reaching forward to our best ideals. We must first form in our minds some clear conception of man's destiny, and know what we would have him be ; and then perhaps it may be less difficult to discriminate between his desires and tell which is good to satisfy and which to refuse.

Economic science must remain ill-defined and inconclusive if it considers only the satisfaction of appetites or the regulation of supplies and there stops short. We seek wealth wherewith to satisfy our needs, since we believe that this will help to make us happy : and just because happiness is a moral and not a material state, we cannot neglect or exclude the moral issues which underlie the production and consumption of wealth. It is no profit to a man, if he gain the whole world and lose his own soul ; and in the last resort, the getting or the spending of wealth is nothing except as it affects men's character for good or ill.

CHAPTER VI

EXTRAVAGANCE AND WASTE

BEFORE however we try to picture the state of society which we desire to see established and towards which, so far as we may, we must endeavour to shape our future course, it is worth while to take stock of our present condition of the world, and to examine more closely some types of production which are without doubt wasteful or deleterious to mankind. I say production (though clearly the consumer who demands the goods is the primary cause of their manufacture) partly because production precedes consumption and is therefore more easy to regulate at the source, partly because the man who produces or purveys a harmful luxury is often as much to blame as the man who buys it. Human imagination is so feeble that we seldom know what we want until we see it; and human nature is so weak that when we have seen we often lack strength to refuse. One sets the fashion and others follow; and the consumer's gullibility becomes the producer's opportunity; so the one may do as much harm by his haste to make money as the other by his readiness to spend it.

It is a common practice with economists to divide labour into two classes, productive and unproductive. This classification is clearly not to be taken in its literal sense; for absolutely unproductive labour is a contradiction in terms; unless it were the building of a house like a card castle simply in order to knock it down again, such a thing does not exist; all labour is directed to some end and therefore produces

we need. Under the conditions of the years before the war, the peoples of Europe have resembled as it were the builders of Jerusalem, who worked with trowel in one hand and sword in the other, a posture equally ill-adapted for good masonry or prosperous industry. To rid ourselves of this handicap, we must effect a complete reversal of the policies and relations of all the peoples of the world ; and even now who can say if such a miracle be possible ? But if there ever comes a day when mankind shall be free to get both hands to the work, an intolerable burden will have fallen in an instant from our shoulders.

There are other trades less honourable and if anything more deadly than the trade of war. To name but one, there is the manufacture of spirits and drugs that undermine the health and morality of whole nations. Opium and absinthe have wrought more havoc than many wars, and the suppression of vodka among the Russians has added as much to the national happiness as it can ever add millions to the national wealth.* But out of the bulk of the world's production there is comparatively little that can be called down-right destructive ; far more misdirected energy is wasted upon the manufacture of goods which are neither directly harmful nor directly beneficial but simply negative in their effect. Now, though these do not actually destroy the fruit of other men's labour ; neither do they add in the smallest degree to men's efficiency or strength or skill. In other words they are unproductive. Productive labour on the other hand does essentially add to man's efficiency and so pave the way for further production. It yields a return, so to speak, at compound interest, building up man's strength for fresh labours, and endowing him with skill or knowledge for fresh activities. The making of food and clothing is productive labour ; for though the food is consumed

* There are more than ever drunk now (June, 1918).

indeed, but the satisfaction is transitory or superficial and their manufacture represents wasted time and wasted trouble, because it is not the best labour which men are capable of performing, and it is never good economy to give your second best. The demand for them encourages hurried, careless or mechanical work, and because such work is always liable to be underpaid (the trade in cheap shirts and ready made suits is notoriously conducted on "sweated" labour), the efficiency of the worker deteriorates and the quality of his future production suffers accordingly. The manufacture of half the goods which we see upon the counters, whether it be done by hand or by machine, is soul-destroying work which it profits no man to perform. And upon the consumer himself the craze for cheapness has an influence which is anything but good. He gets, it is true, "a lot for his money," but he does not in the long run profit by the bargain. In the first place, quantity is no true equivalent for loss of quality. Boots made out of paper will not wear, and the second rate watch takes a heavy toll in frequent visits to the mender. The moral effect is even worse; for the lure of fashionable smartness blinds the eyes to true utility and prevents us from setting a just value upon the strength and beauty of good workmanship. Lastly, it encourages thriftlessness under the semblance of thrift. The behaviour of ladies at a "sale" is an epitome of human weakness in this respect. Because we sight a "bargain" we buy what we do not really want; or at any rate what we cannot afford. We rent pretentious villas built of lath and plaster and adorned with hideous terracotta tiles; we fill them with furniture, not such as our forefathers once made to out-last centuries, and to be handed as an heirloom to generations, but miserable pinchbeck stuff that lasts a twelve-month and then falls speedily to pieces; we drink wine manu-

clever quack concocts a new pill, from harmless, and common-place ingredients; and then trumpets forth his great discovery in immoderate terms. His grateful dupes flock in their thousands to the chemist's shop and buy it, and the pill, for aught we know, may effect a multitude of cures; but would it have effected less if newspaper compositors had been spared the trouble of setting up a hundred lines of print extolling the virtues of the pill, or if some popular black and white artist of the staff of Punch had never been paid to prostitute his genius by designing humorous appeals to supposed sufferers, or drawing pathetic portraits of anæmic children? Has the drug acquired new properties, because carpenters and bill-posters are set to disfigure the country-side and make our streets more hideous by the erection of preposterous hoardings? All this labour, when we come to think of it, benefits nobody; and if it be a necessary feature of competitive trading, so much the worse for competition, and so much worse above all, for the unfortunate consumer. Yet, oddly enough he never seems to realise what an immense tax advertisement imposes upon himself. He imagines perhaps that when Messrs. X. present him with sample tins of cocoa or free catalogues of their summer sale they do so at their own expense. But if he reflected for a moment he would see that Messrs X. are out to make money. They require a clear profit over the working expenses of their business, and when they expend half as much again as the cocoa costs upon the advertisement of its qualities, they must of necessity raise its price in proportion. In fine, those columns in the *Daily Mail* and those hoardings erected in the streets are paid for somehow, and in the last resort the money comes out of the buyer's purse. We are a short-sighted, long-suffering people, and we take all this as a matter of course. Yet if a gentleman kept a trained

is rendering me as important a service as the miner who wins the coal out of the pit, or the dealer who manufactures a cigar. Goods must be handled in large consignments by wholesale dealers, and then passed on by them to the retail dealers for distribution. Each performs a useful and necessary part and rightly claims a profit on the deal. But it is neither necessary nor useful that out of a population of twenty million workers two million should be engaged in such an occupation. That is to say that every five families in the country employ one person thus to wait upon their wants. The links in the chain connecting the consumer and the original producer have in short been multiplied beyond all reason, and the facts have only to be stated to appear ridiculous. It was the natives of the Hebrides who according to Dr. Johnson's epigram earned a precarious livelihood by taking in each other's washing. But it has remained for the "nation of shopkeepers" to discover the more excellent method of waiting on one another across the counter.

But the indictment does not end there. After all these years of science and invention there is still scarcely a trade in which human energy is not squandered, scarcely a job which could not be performed with less effort and more efficiency by taking thought a little. We have yet to study the use and capabilities of the human instrument as closely as we calculate the power of inanimate machines: and here again there is much that America can teach us. Ever since the first experiments were made by James Taylor, of Pennsylvania, over thirty years ago, the methods known as Scientific Management have there spread rapidly. Taylor himself began his tests in loading pig iron. He first selected men of suitable physique: then he timed them at their work, varying the periods of activity and rest until he had ascertained the most effective combination. His deductions

we have learnt the lesson, we may count upon a sure reward. The day will come when every labourer will be not merely more efficient in his work, but more prosperous, more leisured, more contented. It is a fact worth noting that wherever the Taylor system has been introduced, strikes and labour troubles are said to be altogether unknown.*

Habit is strong ; and to remedy this state of things will take many years and much careful organisation. But amongst other things the war has proved a great awakener ; and little by little the forces of sound business and true economy will probably prevail over our haphazard and extravagant methods. Already the small shopkeeper is struggling hard in competition with the great stores which traffic upon a larger and less wasteful scale. Our industries too, are waking up ; their leaders are beginning to put their house in order. Science has now become the battle-cry of commerce, and with better organisation and more up-to-date equipment our factories will outstrip all previous records of production. There are signs too that the other manifold abuses of our economic system will presently be reformed. The thriftless and selfish use of riches will be curbed ;—let us hope by men's own voluntary sacrifice and their sense of public duty ; but if not, then it will be done by pressure from without. The patience of democracies is not unlimited ; and the will of the majority is found to prevail in the end ; and if the cupidity and self-indulgence of the few continues to waste the wealth which is vital to the welfare and progress of many, then the state has many weapons ready to her hand. If land is withheld from profitable cultivation for motives of financial gain or private pleasure, then the law may one day

*Concerning the whole system see "The Principles of Scientific Management," F. W. Taylor and "Psychology and Industrial Efficiency," Hugo Münsterberg.

CHAPTER VII

UTOPIA

(i.)

WHAT society will be like, and how man will live in the days when all are wise and happy, has been the theme of many a philosopher, from Plato and Sir Thomas More down to Mr. H. G. Wells. As is to be expected no two of them are agreed together ; for it is impossible to say for certain what posterity will want or perhaps even what it ought to want ; and at best we can only guess. Nevertheless such guess-work has its purpose and its uses ; for did we not have some notion whither we are bound, how could we tell the road ? There are times in the world's history (and this present may well be one) when we stand doubtfully at parting ways and when we must try to discern which of two roads will lead us to our goal. We are tempted naturally to take the more direct and then, too late may be, we shall discover that the road we took was a wrong turning and the more devious and difficult was the right one after all. Therefore, to draw, if only in imagination, the lines of our ideal society, is but to mark, as it were, our destination on the map ; yet with this difference ; in the map the country behind us and before us is equally explored ; in the chart of human history only the past is certain, what shall be can only be conjectured from what has been and what is. So, from the start we must assume (not blindly indeed, but with good reason) that the principles which held good yesterday and to-day will hold good to-morrow also ; and that however custom and circumstance

It was (or so it seemed) a beautiful bright morning of June, when he left his suburban residence very early before breakfast to take a stroll by the river-side. He was a Londoner of Radical instincts and member of a club of red-hot Socialists, whose tongues had wagged freely overnight concerning the great revolution which was one day to come over the world. His thoughts, as they ran back over the academic arguments of the debate, were suddenly distracted by the changed aspect of the scene before him. He stood by the Thames, yet somehow not the Thames. The ferry-man whom he engaged to row him out, was dressed in a flowing blue tunic and talked like a well-bred courtier. As he rowed the boat down-stream past a sleepy, smokeless Hammersmith, discoursing strange things, as he rowed, concerning the salmon fisheries of Putney, they came presently upon a bridge so grand and fanciful that it outvied the Ponte Vecchio itself for strength and beauty. By this bridge the ferry-man moored his boat and brushing all offer of pay aside, conducted his astonished fare to a restaurant or "Guest House." This Guest House was a frescoed hall with Gothic windows, marbled floor and open timber roof. As the pair entered, the waiting girls left scattering their balms and lavender upon the floor, and, taking each guest by the hand, led them to a table whereon were set ripe strawberries and roses freshly gathered from the garden plot outside. There sat down to table with them a Yorkshireman, a weaver by trade, who (as his friend the ferry-man explained) had overdone himself between working at his loom and his mathematics, and had come to stay in London, of all places in the world, for an out-door holiday. The Guest (for so the two friends agreed to call our stranger) was consumed with curiosity to know what all this might mean, but when he read upon the wall an inscription dated 1962, heard his companions talk of

do whatever their hands contrived, with all their might and in scorn of slovenly or hurried workmanship.

Manufacture is now wholesome where it had been foul and sordid, agreeable where it had been distasteful, a quickening joy where it had been a deadening drudgery. In short, it is become once more, as by its very name it should be, a craft of hand ; and by one expedient or another, the various evils of Industrialism as we know it, have in Morris' Utopia been done away.

We may note, firstly, that wherever hand-made products are superior to machine-made, the latter have been discarded altogether. Thus thousands whose life was formerly one long maze of whirring wheels, and the dull recurrence of a soulless task, now in the happy land of Nowhere, taste the joys of individual craftsmanship, and each learns to set upon his work the impress of his self. Some drive their independent trades ; others unite in Banded Work-shops to carry on the more complex processes. Each to his choice ; and even the heat of kilns and furnaces will not deter some enthusiasts from glazing pottery or blowing glass.

Secondly, though handiwork has in the main supplanted machinery, yet " all work irksome to do by hand, is done by immensely improved machinery."

Thirdly, " When any piece of work is found too disagreeable or troublesome, it is given up and folk do altogether without the thing produced by it."

Fourthly, toilsome but necessary tasks such as the making of roads or the digging of mines, are undertaken by the young and stalwart, in a spirit of cheerful service ; and as the ferry-man remarked, it is " good sport trying how much pick-work one can get into an hour," and a good training for the muscles to boot.

Fifthly, and perhaps most noteworthy, of all, there is variety of work for every one. For, just as each has the free choice of his trade or profession, so each equally

admired and feared by turns that nation which has brought such mechanical efficiency to its highest pitch. Yet the worth of a system is to be known by its fruits, and we have seen what a harvest the Germans at least have reaped of theirs. To transform a people into a vast machine, to treat men and women as mere cogs upon a wheel, that is not the road to happiness, nor even in the long run perhaps to success. Elaborate as may be details of such a system and perfect as may be its method of getting the best work from each individual man or woman, yet so long as the system is imposed upon them from above, it must fall far short of man's ideal destiny. "A place for everyone and everyone in his place" is a well sounding motto; but to find a man's true place in the world is not for officials and super-men but for each man himself; he can find it if he cares to, and nobody else can find it for him.

Organisation however is not perhaps the peculiar vice of our English industrial system; it is certainly not too much of a machine, but I am not sure that it is not something almost as bad. Its development has not been made under the guidance of officialdom, it has sprung up at haphazard like the growth of a primæval forest, and its loose entangling network clogs and hampers the tender plant of industrial liberty. We boast that Englishmen are free because of the absence of compulsion; but the truth is that though they are not slaves of a system they are none the less the slaves of circumstances and chance; and in that there is small ground for pride. Millions, as things are, have no real freedom in their choice of a profession. Our workshops are full of square pegs in round holes, and round pegs in square holes. A child born in the potteries is marked down from birth to follow in the family tradition. May be that his whole interest lies in plants and horticulture, and that he would make an admirable gardener; but in the workshops he is

his record pigeon-holed, and officials who would find him a place, train him to be fit for that place, and, whether he liked it or not, put him into that place, as though he were all the while not a human being with tastes and feelings of his own, but simply a pawn for bureaucrats to play with. But though bureaucracy is at all costs to be avoided, modern society could hardly exist without some regulation of industry. There must be opportunities for technical training and specialised education, public channels of information, and organised facilities for the free movement and distribution of labour ; without these it would be just as impossible to find work suited to every kind of person as to find persons suited to every kind of work of the community. It is not enough to assume that different persons will have different gifts and different tastes, we must also devise methods whereby to discover these gifts in individuals and to draw them out where they are latent. Above all, we shall need the discipline of education to cultivate in men a high sense of duty and public service ; for it is only in obedience to these higher motives that they would voluntarily undertake the more arduous and thankless forms of labour. Nor will Education be needed only to train men in the right choice and right use of a profession. We must educate the public that consumes as well as the workers that produce ; for, unless there is a general demand for work of the right sort, it is useless to expect that the right sort of work will be done. Therefore if the producer's interests are to be safe-guarded, there must be a corresponding adjustment of the consumer's tastes. Before we can render the former's work a more humanising and inspiring business, the latter must be prepared to make some sacrifice, and to pay the cost of such a change. For cost there must certainly be—and Morris's shrewd insight has not missed it.

Life in the ideal society which Morris pictured is

it may yet be ours to discover. Yet it is no new secret. The Athenians were perhaps the first to find it out and I am not sure that it did not die with them. It was Pericles who summed it up in his single phrase, φιλοκαλοῦμεν μετ' εὐτελείας, taste and economy combined in one; love of all in the world worth loving* and the simple life. This is what Mr. Zimmern has to say of that ideal in his book "The Greek Commonwealth." "Greek Literature, like the Gospels, is a protest against the modern view that the really important thing is to be comfortable. The comfort promised by the Gospels (and that enjoyed by the Greeks whether the same or somewhat different), and the comfort assured by modern inventions and appliances are as different as ideals can be. We must imagine (he continues, speaking of the civilisation of the ancient Greeks) houses without drains, beds without sheets or springs, rooms as cold or as hot as the open air, only draughtier, meals that began and ended with pudding, and cities that could boast neither gentry nor millionaires. We must learn to tell the time without watches, to cross the rivers without bridges and seas without compass—to study poetry without books, geography without maps, and politics without newspapers. In a word (if we are to realise the Greeks) we must learn how to be civilised without being comfortable. We must go behind the Industrial Revolution. The older Greeks did not want to be rich for the sake of riches. They only desired riches when they had convinced themselves that riches were necessary to social well being. They knew, as some Eastern people know still, that "a pennyworth of ease is worth a penny," and that it is not worth while spending two pennyworth or more of worry and effort to attain it. That is precisely the spirit of Morris'

* The Greek word καλός implies so much besides æsthetic beauty that it is impossible to find one English word whereby to render it..

are prepared to put back the clock a hundred years and to forgo three quarters of our present prosperity. Arts and crafts may already be receiving more recognition and encouragement, and agriculture may be restored to its rightful place in our national life ; but for the most part Morris's ideal must be acknowledged to be impracticable. Machinery has come to stay ; and our business is not to put the clock back but to put it forward, not to abolish machinery but so to develop and perfect its uses that the grinding monotony and discomfort of the machine minder's work may be as far as possible relieved and lightened. Mechanical science is already making great strides in this direction. Until recent years for instance, the cotton spinning machine was so arranged that if a single thread snapped, the spinner was forced to stop the machine by hand and at infinite pains uncoil the threads in order to recover the broken end. Now the machine is automatically stopped directly the break occurs ; and the saving of time and trouble to the spinner may well be imagined. And other inventions and improvements of the sort will do much to ease the workers' burden, and after all, monotony is not confined to the process of machinery ; there is Hood's poem to remind us that purely manual labour can also be monotonous, and that there is no slavery like the slavery of the seamstress. A machine minder whose business calls for some technical knowledge and a skilful hand with screw-driver and bolt, may well take a real pride and pleasure in the manipulation of his engine. The chief source of weariness arises from the absence of variety and change, and for this the remedy is not far to seek. In some countries it has been already applied, and instead of keeping one man or woman to the continuous performance of a single process, employers allow them to go the round of the shops, thus keeping alive an interest in their work and increasing their efficiency to

have shown already what can be done among the adult workers, and have discovered among the unlearned artisans an intellectual energy which puts the cultured class to shame.* We may, as yet, have no dustmen who write novels ; but tramps and sailors do ; and the days may yet be coming when rustic Shakespeares will write tragedies and act them on village greens, when coal-heavers and chimney-sweeps, their day's work ended, will sit down to study algebra or natural history, or to carve themselves a sideboard or a mantel-shelf, when in short, a man's true life will centre in his voluntary and not in his necessary labour, in what he does for the love of it, and not in what he does to earn his daily bread.

Yet it must not be lightly assumed that the ideal which is here foreshadowed would impose less tax upon man's energies as a whole, or that simple tastes are altogether easy tastes to satisfy. The unpretentious beauty of plain dresses or simple furniture is often the most expensive to procure ; it costs a far greater effort to paint by hand a single masterpiece than to turn out half a million of cheap prints, or again, it is easier to erect a row of mansions upon a uniform and settled type, than to build a cottage which will combine the highest ideals of utility and beauty. So, before the simple life can also be the happy life, we must plan its smallest details with elaborate care, eliminating needless labour by all manner of devices, and adapting every article of use to the most efficient performance of its function. And, whatever its difficulties, the task will be worth while ; for the consumer no less than the producer it is from the simple rather than the complex that the highest satisfaction is to be gained. In life,

* The W.E.A. is an organisation of 200 branches, which provides of weekly lectures and debates for 11,000 working men and women. It is undoubtedly one of the most striking educational experiments of history.

a thousand tracks which lead to nowhere. But when men come to understand ~~that their true needs are,~~ and by what means ~~those needs can best be satisfied,~~ then it will be strange indeed, if the complex civilisation in which we live has not been superseded by a simpler and more harmonious way of life, in which the needs that men feel are fewer, the means to their satisfaction more direct and so the resulting happiness more lasting and complete.

To ourselves, living as we do in the midst of so much strife and self-seeking and distress, ~~Thomas Morris'~~ ideal may well seem too daring in its aspirations, and very visionary in its almost childlike faith in human nature and human happiness; yet we idealise Morris's world having that was otherwise. If we are not disappointed for the Happy Isles, it is not with the expectation of arriving there to-day, nor yet to-morrow. It is enough to know that there lies our goal, and to be assured that at least we are not steering clear of that antipodes. If such a society as Morris pictured could ever be realised on this earth, it certainly will not be reached at a single bound; and granted that we may by step are moving in the right direction, that in many ways we have some reason to suppose that we are, that is at once both a ground for inspiration and a proof of Morris's farsightedness. There is, however, one side to his system to which I have hitherto made no allusion. Among the people of his ideal there was no money, no private property, no trafficking for gain; they were Communists out and out. When, for example, the Guest asked a shop-girl for tobacco, she pressed upon him a pouch and a pipe as well; yet would not take a penny in return. In short, the citizens of Nowhere laboured their hardest and gave their best, careless

begun by battle-ships and cannon. The principle of Free Trade at least put the produce of each nation at the service of them all, thus leaving every country to make that contribution to the common stock which the abilities of its people or the resources of its land best fitted it to make. But the nations would not have it so ; and must needs set up protective tariffs, and each seek prosperity behind the artificial stronghold of its own ring-fence.

Now in Morris's tale there were neither national frontiers nor national causes and much less national feuds. Each country lived with its neighbour as peacefully as England lives with Wales, and there were indeed no national governments to pick a quarrel, nor national causes for quarrel. And when this is said, it is plain that we must here part company with this romantic dreamer, for events have happened since his day which he would have deemed incredible, and between our world and his Utopia there is fixed a gulf wider than theories or prophecies can bridge.

PART II.

CHAPTER VIII.

VALUE.

It is the business of all good prophets to dream dreams ; and pleasant rosy-coloured dreams let them by all means be, if they can give us better hopes for our own happiness or a better confidence for the future of the world. The economist's business is more prosaic. He must face the facts, whether pleasant or unpleasant, and take the world as he finds it. Men are not all saints or archangels as yet, and that they will ever be so appears in the last degree unlikely. In the meantime, to us of the twentieth century, the moneyless country of Morris's imagination seems as fantastic as a scene out of fairyland. We should be as little surprised to meet a giant marching down Watling Street in seven-league boots as to find a tobacconist who would lavish pipes upon us gratis. Such disinterested generosity is not the way of the world as we know it ; and just as men and women bought and sold in Noah's day, so they have been buying and selling ever since. Only once and again throughout the course of history have there been brief departures from this universal code of commerce. The early Christians, to name one of them, " had all things in common " (though even they sold their goods without compunction to those who were not of the faith). Once too, on the inhospitable coasts of New England, our Puritan settlers made a similar experiment. It ended in utter failure, and not until this quixotic policy had been abandoned, did the

weighed the balance of advantage in his mind and has not found it wanting. In every act of barter, such an equation or balancing of values is implied; and before we can grasp the meaning of exchange, we must decide what value is.

Value is a term common enough in daily use; yet, as in the case of wealth, it is none too easy to define. One thing however we may state at once. Value is not an absolute or permanent quality in things. A thing ceases to have any value, as soon as men cease altogether to want it;* the picture which to-day fetches a thousand pounds at Christie's, may a century hence be consigned to the lumber room as rubbish. Values change as men's tastes change; and different people set different values upon the self-same thing. Thus the famous pills which in the maker's own estimate are well worth a guinea a box, are to be bought at any chemists for the sum of thirteen pence. Nor for that matter must it be concluded that money is a true measure of value. For the value of gold and silver itself changes and has fluctuated in the course of a thousand years far more than the value of the German mark has changed in the course of three. In Solomon's time the very abundance of silver sufficed to make it cheap; and in our own day the same influence is still at work. Silver having become a drug on the market, a currency such as the Chinese tael has depreciated accordingly; and financiers tell us that the same is true (though less decisively and less continuously) of gold.† At best we can but say that the value of these rarer metals is the least liable to change, and that therefore

↘ It may of course retain a potential value, but what is merely potential is not fact.

† To be exact, the influence of gold production upon prices does not proceed directly from the law of supply and demand; but is due to the effect which an increase of currency has upon credit, that is, on men's commercial confidence. Other factors may therefore enter in which will restore prices to their previous standard.

declaration of preference the scale of values is mentally revised, weighed in the balance and fixed, as it were, anew.

Now, if the preferences of men were stable and constant, values would be constant too ; but values are variable, as anyone can see ; and for the simple reason that preferences are also variable. Why preferences should so vary, it must now be our business to inquire.

Let us take an illustration once again. It is my habit (being a man of simple tastes) to drink water from the local spring, and every day I journey thither to fetch a pailful and supply my want. In other words I prefer the trouble of a single journey (but not more than a single journey) to the pain of leaving my thirst unsatisfied. Now there comes a hot summer ; my thirst increases ; and I decide that it is worth while to fetch two pailfuls from the well instead of one ; so it requires a double journey and a double sacrifice of energy and time to allay my tiresome thirst. In short, because my desire is more intense its satisfaction costs me dearer. As however the season advances, a drought sets in ; and when at last the cooler weather has returned, I find my well dried up. I am now content with a single pailful, but I must travel twice the distance to reach the nearest spring. Once again the satisfaction of my want is attained at twice the former cost ; but this time it costs me more because it is more difficult to supply. In both cases I prefer the alternative of a double journey to the pain of unsatisfied thirst. The cause in the one case, is an increased desire, the cause in the other an increased difficulty of supplying it. Here then, are two different influences at work, the influences of Demand and Supply, and it is by balancing these two influences in the mind the one against the other, that all preferences whatsoever are determined. In other words, when I know how much I want a thing, and

There the sum-total of the producers' difficulties regulates the amount of the supply, while the sum-total of the consumers' desire for satisfaction regulates the intensity of the demand. But because production depends on human energies, and consumption on human desires, and because desires and energies react upon each other, there is a corresponding interaction between the amount of supply and the intensity of demand. If supply increases, demand is almost sure to follow suit. When the price of tea is half-a-crown, my monthly allowance is no more than a pound ; but when tea is plentiful and the price falls to one and six, I shall double my allowance and thus my demand will have increased, the cost of its satisfaction being enlarged to the length of sixpence. In the same way demand will have its influence on Supply. When the manufacturer perceives that the public wants more boots than it actually gets he does not maintain his out-put at its former level and take advantage of increased demand by putting up the price, he will augment his out-put even though the increase of supply will lower the value of the boots. So in general the best way to stimulate production is to increase consumption, and the best way to stimulate consumption is to provide men with plenty to consume. To the action and reaction of these two complementary economic forces there is no discoverable end.

There is however a tendency in human nature (common both to producers and consumers alike), which in some measure limits and impedes the natural and free development of these economic laws—I mean the tendency to standardise values. A doctor's fee is a guinea and neither more nor less, whether I call him in to save me from death by poison or to lance a painful corn. Books of the same quality and size are more in demand at London than they are at Manchester, bicycles may be are bought more freely in Denmark

or deluded judgment, baseless fears of scarcity or hopes of plenty, imaginary doubts of others' honesty or unreflective assurance of our own, easy-going adherence to fashion, custom or tradition, love of notoriety or dread of public censure. Other motives are more worthy; pride in good craftsmanship, sense of honour, loyalty and fair-play, even the softer impulses of charity and pity; these also play their part. There are a thousand springs of human action which defy scientific analysis, and interfere with the working of purely economic laws. And indeed, when we speak glibly of a "fair price" or a "just wage" we little know how much is presupposed in such a phrase. To assess the ideal value of a single thing would call in reality for a man possessed not only of perfect taste, but of complete omniscience and absolute integrity as well. Even then it must not be forgotten that it takes two to make a bargain, and if a pair of such paragons were ever found, they would probably prefer the more generous methods of the Utopian people or of the Early Christian Saints.

Nevertheless we know that with the best will in the world no modern state or society could exist for a day upon that simple-minded pattern; The working of our industries and great commercial houses by which crowded cities and scattered colonies are now supplied, would be impossible without the widespread network of credit and exchange which is the arterial system of the economic world. And, were some sudden catastrophe or revolution to destroy credit and check the flow of markets, then disaster would as surely follow as death must come to the body when the circulation of the blood is stopped. Exchange then must continue, if men are to live in decency and comfort; and for a standard of exchange we must further have money tokens. So long therefore as this is the way of the world, men will retain their

of many evils, it is not by abolishing money that we can hope to be rid of them. The old rules of commerce must still stand; only they must be observed in the spirit of liberality and fair dealing, rather than according to a niggardly interpretation of the letter. We must substitute a positive zeal for justice where we have been content in the past with a negative avoidance of its breach.

External and obstructive influences must be eliminated, if the economic machine is to have free play and its wheels run smoothly. Now the solvent that can best ease them in their working, is liberty of competition ; and the obstacle which clogs them most, is its reverse and opposite, monopoly.

The monopolist is the autocrat of the market place ; whether the use he makes of his power be wise or unwise depends on circumstances ; but in any case, like his political counterpart, he is seldom trusted. For his power is a kind of blank cheque on human patience ; and mankind is not unnaturally suspicious of an overdraft. We may suspect that the first man who attempted a " corner " in food, was lynched by his neighbours without shrift or ceremony ; and, though he himself may have had no intention of starving them at all, they were at any rate acting on the safe side if they did not wait to see. Indeed there is something unnatural in this attempt to cut the channels of supply and hold the world to ransom. So, whenever men have been politically free, they have suppressed monopolies severely. It is only when the authority of law has been perverted from its proper uses, that this dangerous power has been allowed to pass into the hands of individuals. In Stuart and Tudor times, for instance, the Crown dispensed monopolies in soap, or linen or tobacco, as a mark of royal favour or for the filling of the royal purse ; but with the growth of democratic institutions, the practice was disallowed, and now, while Government may itself assume unique control of such public services as the telegraph or the post, or grant a privileged position to private companies (such as those which own the gas-works or the railways) under very definite restrictions, yet in other spheres its authority is no longer exercised in favour of private monopolies, but in the interests of free competition.

exercising a power no less tyrannical than the millionaire mine-owner who makes a corner in coal.*

There is a second form of virtual or disguised monopoly which we may call the monopoly of isolation ; and here at any rate it is nature and not man that is to blame. The world has not been so arranged as to make competition easy ; and the artificial restraints to which we have just alluded, are slight as compared with the physical and geographical impediments. Now-a-days, oceans, lakes and rivers are considered an aid to commerce ; but they have often been equally a hindrance. Islanders have had to suffer the penalty of their position ; it does not benefit them that timber should be abundant on the mainland if there are no boats large enough or strong enough to bring it over. So the man who owns the one plantation in the island, will be a monopolist as much as if it were the one plantation in the world. That is an extreme instance ; and local monopolies of so complete a character are rare ; but so long as space exists and the difficulties of transportation are incompletely met by man's contrivances, competition cannot become entirely free. Even, as things stand to-day, agriculturalists are generally dependent upon a single railway for the conveyance of their produce, and were it not for the protection of State interference, they would be at the mercy of a monopolist company which could raise freight-dues at its pleasure. Much more were men liable to exploitation in the days before steam and motor transit was invented. Then, competition was limited to narrow areas ; and where states and cities and even villages lived in economic isolation, and were for

* It is obvious that " co-operation " of this sort, used for the benefit of the few and to the detriment of the many, has nothing in common with the co-operation of the beneficent sort, which is used for the good of all. Furthermore, just as free competition is preferable to monopoly which is misused, so true co-operation may be better than competition that is carried to excess.

or coal would be as bad ; but without doubt the most formidable of all is the monopolist of land. Land is, as we know, the source of all production ; the owner of it controls not the supply of food and clothing only, but of minerals as well. He can do more than interrupt the normal flow of markets ; he can, if he chooses, empty them altogether. And, if his monopoly is complete and exclusive, he is in truth a very dangerous person.

Now, although the social and economic changes of the last few hundred years have made such monopolies in land well nigh impossible to-day, there have been times when they existed, and when their influence upon society was incalculably great. The isolation of mediæval communities, to which we referred above, put into the hands of the large land owners a power which was almost unlimited. By means of it, the feudal baron was able to reduce his neighbours to the condition of helpless serfs. He controlled the sources of all livelihood, he could ask what terms he pleased for the right of access to them ; in fact, he held a monopoly of the strictest sort and did not scruple to use it. The social and political privileges which he enjoyed, were built in part upon the basis of this economic supremacy, and these were in their turn employed to reinforce it. For not content with the advantages of natural isolation, he endeavoured to increase his hold over the servile classes by open collusion with his brother barons who were also his possible competitors. Laws and customs were evolved by which a peasant was denied the right of quitting the estate on which he lived ; and, thus tethered to the soil, the wretched man had but two alternatives before him—to accept whatever terms his lord might offer or to starve. The triumph of monopoly was complete, for under Feudalism, the peasant's economic liberty, like his political liberty, was dead.

ground for cattle, now finds himself in the favoured position of a monopolist. He has no competitors, for he can supply what is urgently needed, and nobody else can ; and if he makes the most of his chances, he may reap an immense and even a fabulous return by the exaction of ground rentals ; or (if minerals are found upon his land) of royalties. Riches flow in upon him through no trouble or virtue of his own (unless it were the gift of prophecy). Without himself lifting a finger or doing a stroke of honest work, he finds his income multiplied a hundred or a thousand fold. And his case is common enough ; this is no imaginary or exaggerated picture. Many of the wealthiest men in the world to-day owe their huge fortunes to some such lucky accident or gift of brilliant foresight ; and the millions upon millions paid by the tenants and leaseholders of our great towns are the " unearned increment " of these latter day monopolists.

We will not waste words here over a justification of the Rights of Property. Men have debated long and will probably debate still longer, whether land ownership is an inalienable right or an intolerable abuse, an obsolete relic of aristocratic privilege or a natural institution which cannot be violated without grave prejudice to the common weal. In this case of unearned increment however, we must admit that there is excuse, if anywhere, for interference. Governments which have dealt with monopoly in other forms, may surely deal also with monopoly in land ; it is their right at least, if not their duty ; and the Socialist would maintain that it is both ; he would deny the title of any individual to take so exorbitant a toll of the wealth of the community and yet himself do nothing to deserve it,—nay, he would go further still and condemn all rent as unjustifiable extortion. What right, he will say, has one man to benefit by nature's gifts which he does not use himself, because another

labour of man and beast, but *not* by rent. It follows, therefore, that however much rents may be raised or lowered, the price of corn will still remain the same.

Now, in order to grasp Ricardo's theory, let us first observe that lands differ in fertility; some produce corn more freely than others, and on these the cost of growing a bushel of corn will be proportionately less. Is the price of corn then fixed by the cost of growing it on the richest land or on the poorest? Is it Sir Midas Mucklethwaite, owner of the most fertile farm in England, who sets the standard of the market? Oddly enough, no; it is an obscure Irishman who has recently broken up a few acres of common land in County Cork and farms them rent free at a trifling profit. And the reason of this paradox is as follows: that since the land is poor, Patrick's corn will cost more to grow, and, unless (which in a poor man is unlikely) he is prepared to grow it at a loss, his selling price must be necessarily high. This is unpleasant for the consumer, and yet he must pay it, and for a very good reason. For with our growing population there is an increased demand for corn; and since somebody needs Patrick's corn to satisfy his hunger, somebody must of necessity pay the price that Patrick asks. Meanwhile, Sir Midas, though he could well afford to sell his own corn cheaper, cannot bear to be out-done by Patrick (and indeed why should he?) so he raises his price also up to Patrick's level. Thus, the standard of the market is not set by him at all, but by his poorest rival. The *surplus profit* which Sir Midas obtains, is the reward of owning his more fertile land.

If we agree with Ricardo so far, let us now enquire what is the value of Sir Midas' land; what is its superior quality worth as compared with land like Patrick's which can be had for nothing? or, in plain language, what is the rent which Patrick (or for that matter anyone else) would have to pay for the use of

acceptance. Nevertheless most people are unconvinced or at any rate unconverted. The Land Tax method would probably break down for a reason which we shall examine presently. This is the difficulty which would inevitably arise in discriminating between the value of land pure and simple, and the accessory value, which is due to man's exertions. After all, Sir Midas has not been idle during all his years of ownership, he has at least done something for the soil ; tilled it, manured it, hedged it in and planted it with timber. Besides this he has built barns and yards and cottages on the estate ; developed roads and fitted them with gates. A thriving farm possesses much beyond the natural fertility of its soil ; and to estimate what proportion of its value is due to nature, what to the work of man, would be a task which not even the most scrupulous assessor could perform with perfect justice.

But there is a still more vital objection to Ricardo's theory, namely, that it does not fit with the facts. He wrote, it is true, when the pressing needs of our growing population was forcing men to cultivate poor Irish soil : and, if the possibility of expanding agricultural production had in truth been limited to these islands, no doubt rents would have risen according to Ricardo's thesis, and risen to an intolerable extent : but, as things turned out, the cultivation of richer lands (rent free or almost rent free) in America and elsewhere has had the precisely opposite effect. The competition of corn imported from abroad has not advanced rents in England, but kept them down. It has scarcely paid to grow corn in many counties where formerly it was a profitable business. In other words, Ricardo's theory is about as applicable to present-day conditions as the Law of Moses would be applicable to the city of New York. The reforms, therefore, which rest upon Ricardo's hypothesis, are purely chimerical. They simply would not help us in the least to solve the problems of to-day.

resolution made reference only to the natural sources of supply, but did not cover the removal of any man's property against his will, nor the confiscation of what his personal labour had produced. Argue as they might—and argue they did in long and numerous debates—no agreement could be reached upon the propriety of such a course. In the meantime the owner remained master of the situation; the villagers could not live without their water, nor draw their water without the windlass and the rope; there was therefore no alternative but to pay the tax; and the owner's monopoly has continued unimpaired until this day. Now the moral of the tale is this; that the means of production and the sources of production are often so mutually dependent that a monopoly in one may often be as powerful an instrument of extortion as a monopoly in the other. The Socialist may confiscate the land or deprive the landowner of his rents, but such half measures will never bring him to his goal. The Capitalist, a yet more formidable adversary, still stands astride the path.

It has never been easy to estimate in their true relative proportions what part is played by nature and what by man in the process of production, to distinguish between the value of the well-head and the value of the well, or between the machinery at the pit-mouth and the mineral deposits in the soil. Even in cases where the means and the sources of production are less closely interlinked, no very clear distinction can be drawn. But this much at least may be said, that, as industry has developed, the importance of the means has steadily increased, until in our own day Capital has assumed a predominant position in the partnership. In olden times, before machinery had been invented, the implements of agriculture and manufacture were relatively of less importance. Next to the material sources of supply it was then man's

upon monopoly. Capital is not of its own nature an obstacle to competition. For, in the first place, it is not like land limited in dimension. No amount of thought or trouble can add new acres to the earth's natural surface; but you may build factories, and laboratories, railroads or smelting works, so long as there is room to build or a need to satisfy. Any man who has saved himself or can borrow other's savings, can make a fresh addition to the world's capital; and though here and there some novel invention or other unique advantage may put a temporary monopoly in the hands of some fortunate capitalist, yet where he can lead, somebody else can follow; the rights of patents are not so rigid or exclusive but that others can profit by a new idea, and in the long run competitors will not be wanting. In the second place, capital is far more widely distributed than land. Any man who has saved even a few pounds to invest in railways, oilwells, motor works or what not, can have his share in capital. In virtue of that share he can claim that somewhere there exists a yard of railway track which belongs to him; or an engine crank that his savings have helped to create; and there would be a sort of truth in his jesting boast. To the length of his few pounds he, too, is a capitalist. But, although capital is more easily acquired and possesses greater elasticity than land, it is in these very qualities that lies the secret of its peculiar power. Capital may be not productive merely; but self-productive. It resembles that tropical tree whose roots send forth fresh suckers from which new trees spring up. In like manner the capitalist can utilise his profits for the erection of new factories, the employment of more hands, or the improvement of his plant; and thus in a hundred ways secure fresh capital and fresh profits—to be used in turn for the same purpose as before. In this fashion, large businesses have sprung

bargain between a man with a loaf and a starving beggar must be unequal. For, though a bargain is a voluntary exchange between two parties, it does not necessarily follow, that the bargain will be fair or that the two parties will compete upon an equal footing. It may well be that one will hold the other at a disadvantage ; his bargaining power, as we say, will be the stronger of the two, and, like the commander of the victorious army, he can dictate the terms. Yet, to say this is nothing more than to restate in different words the old formula of supply and demand ; and it is by the light of that formula perhaps that we can best understand the relations of capital and labour and estimate the bargaining power of each.

First then as concerns demand. It is clear that each wants what the other has to give ; Capital wants work, and Labour wages ; but their wants, though mutual, are very different in degree. The employer, it is true, depends for his success upon the services of labour ; he may be ruined in his business, if labour fails him ; but, even in that case, all his eggs are seldom in one basket ; he will have some reserve of funds ; most certainly he need not starve, perhaps not even put down his horses or dismiss his butler. For the worker it is far otherwise. His weekly earnings are sufficient only for the week ; he has no reserve or next to none ; and if a few shillings lie between him and starvation, that is all. For him, living thus upon the edge of absolute disaster, the first necessity is to find employment. Upon what terms he can hardly stop to ask. It is not for him to haggle ; for upon a trial of strength he must inevitably prove the weaker man ; and before the employer has seriously considered some readjustment of the household, he and his family will have starved. The balance in the bargain is against him.

Nor, if we turn to the question of supply, is the

struggle. The social conscience of the nation has awakened; Labour has begun to organise and Government to interfere; and the picture which we have drawn of the capitalist's power and the labourer's necessity, though true of many, is by no means true of all classes of industry to-day. But as a picture of the early stages of the industrial revolution it is certainly not overdrawn. Indeed the shadows are hardly to be painted dark enough; it is almost impossible to exaggerate the misery and horror of those years. It is one of the most bitter ironies of fate that the very change which by increasing the facilities for plentiful and cheap production ought to have brought an immediate improvement in the condition of the poor, had at first an almost directly opposite effect.* For one thing the new mechanical appliances which very soon ousted the old-fashioned methods of hand labour, required fewer men to work them. A reaping machine will take the place of a dozen mowers; and one or two tenders of a power loom could do the work of perhaps fifty weavers; thus many handicraftsmen found themselves thrown out of employment; and we cannot wonder that they bitterly resented the introduction of these new machines which robbed them of their livelihood, or that their protests often took the most violent and most lawless form. Then again, it was soon discovered by employers that in the new processes of industry there was ample scope for using female and child labour. Women were set to work in factories by night as well as day; children, ten, eight and six years old, were employed in coal mines dragging preposterous weights through the damp, unwholesome galleries. Manufacturers even procured girls

* It must not be assumed, however, as it too often is, that the lot of the labourer before the Industrial Revolution was a bed of roses. Poverty and distress were perhaps just as common, but the conditions of the towns seems to accentuate the hardships of the poor—partly by contrast with the more obvious luxury of the rich.

a thought—until little by little there came over England that fatal cleavage of the classes which was the beginning of industrial war.

This absence of sympathy between Capital and Labour was in part at least the inevitable consequence of the industrial innovations. In the old-fashioned craft workshop master and apprentices, employer and employed, had lived and worked together side by side ; and such daily intercourse had bred between them a mutual loyalty and goodwill. But the head of a factory employing perhaps a thousand hands could hardly keep in touch with individuals. The bond of sympathy was broken ; and, just when it was most needed, the employer ceased to feel a sense of personal responsibility towards the men and women he employed. As was natural, the softer feelings of generosity and pity were slowly blunted, and even the most respectable and virtuous employers were indifferent to the sufferings which often unwittingly they were inflicting on their fellow-beings. But as though half conscious that some justification was required for such rigorous and even inhumane conduct of their business, they sought to reinforce their shaken assurance of moral rectitude by an appeal to economic wisdom. They were themselves the disciples and in some sense the product of that school of thought which began with Adam Smith and was carried on by John Stuart Mill. From these teachers they had imbibed the doctrine which was the basis of their business creed, that it was the economic duty of every individual to put his own interest first and others' interests nowhere, driving the closest bargain possible, buying in the cheapest market, selling in the dearest, and applying the principles of supply and demand without scruple or restraint. Unfettered and even ruthless competition was to them the very soul of commerce, and to do them justice they were sufficiently consistent to maintain their creed even

the Manchester School, saw no reason to go back upon their logic. Wrapt in the security of their comfortable creed, they continued to pile fortune upon fortune; for the miserable condition of the masses upon whose labour and poverty these fortunes were in a large measure built, they felt no doubt an honest regret and pity. In private perhaps they would indulge this secret weakness, doing a kind turn to an employee in distress and permitting their wives to make charitable doles of soup or blankets. But in the counting-house or at the works they suppressed these softer feelings, conscientiously tenacious of their creed. And if its present application bore hardly upon others, what could they do but shrug their shoulders and pursue their course to its appointed end? Let their philosophy but be given a fair trial, and all would yet work out for the best.

When the fathers have eaten sour grapes the children's teeth are set on edge; and there is much for which the Victorians must be answerable in the industrial troubles of to-day. Yet easy and natural as it is for us to condemn the sins for which we suffer, we should be doing less than justice to the Victorians if we did not acknowledge the one great debt we owe them. Coming at a time when the paramount necessity was to increase production, it is undeniable that they performed their task. They built up the capital resources of which we are reaping the benefit to-day, and their only crime was that they so exaggerated the importance of this economic function as to be blind to other issues which were important too. In short, as is the common failing with authors of great changes, the leaders of the Industrial Revolution overdid their part. The idea which underlay their policy was sound enough; but like most ideas, it became intolerable when pressed to its logical conclusion. As a reaction from the hampering restrictions

suspect. Individualism stands at a discount, and Socialism and Co-operation are the favourite catch-words of the day. Each generation is to be judged according to its lights ; and if the worst fault of the Victorians was that they carried their principles too far, it is for us to profit by their example ; and while we endeavour to correct the results of their exaggerated creed, let us beware lest we fall under the same condemnation and mar even beneficent reforms by a lack of patience or an excess of zeal.

wholesome index) of the change is to be found in the portentous growth of the national expenditure on drink, a growth which continued unabated until the lean years of trade depression in the seventies. In industry too the worst abuses were gradually suppressed. The philanthropic zeal of Lord Shaftesbury and others set the political wheels in motion, and laws were passed curtailing the use of child and female labour in pits and factories. Yet to whatever causes we may ascribe the betterment of the working man's position, the capitalist himself deserved no special thanks. Though he might fairly interpret the new prosperity as a justification of his own theories, yet there was no recantation of his main hypothesis, and little enough change of heart. The grinding tyranny of merciless competition still held the field unchallenged; even earnest men like Bright and Cobden who had achieved the deliverance of the country from the killing burden of the Corn Tax, were nevertheless among the most stubborn opponents of Lord Shaftesbury's reforms. In a large number of industries wages were still maintained at a starvation level. The tale is told how in the streets of Leicester, the Chartist, Thomas Cooper, hearing the stocking-makers busy at their work far into the night, and enquiring of a friend what wage they earned, was told that the wage was about four and sixpence.* "You mean four and six a day," said Cooper, in all innocence. "No, four and six a week," was the reply, and this for working sixteen hours out of the twenty-four. Such a state of things was not to be remedied in a day, and meanwhile it was regarded, by theorists and society alike, as the outcome of an economic law which with the best will in the world neither capitalist nor labourer was able to alter or resist. So accepting poverty and distress as the inevitable accompaniment

* See an essay in Arnold Toynbee's "Industrial Revolution" entitled "Industry and Democracy."

that poetic prose of which he was so supreme a master, and the very beauty of which (as Ruskin himself complained) often diverted men's attention from the meaning of his message. As a treatise, it is true, it possessed neither reasoned form nor scientific completeness; but to his own generation at least its contents were so wholly new and so subversive of accepted canons, that it is well worth our while here to recapitulate his principal contentions.

The contemporary science of Political Economy was built, as it seemed to Ruskin's generous mind, upon a fundamental falsehood. Like a science of gymnastics which should assume that men had no skeletons, it undertook to examine the dealings of man with man, and it left out his soul. At least, it allowed for one side of it only, and that the worst side. Thanks to this initial error, says Ruskin, the man of business had come to believe that it was his first duty to eliminate all the kindlier instincts and emotions and that the first condition of success was to be selfish. Society at large had not unnaturally taken the man of business at his word and imagining him at best to be a pure self-seeker, had come to rate the commercial profession lower in its esteem than the professions of the soldier, the clergyman, the doctor and the lawyer. Ruskin pleaded for a revision of this judgment; he maintained that commerce was not incompatible with Christian morality. The employer's part was not of necessity to grind the faces of the poor and depress wages to the lowest farthing. For him, too, no less than to other men, there was a call to nobler duties and loftier ideals than the interest of self. In commerce, too, "it is necessary to admit the idea of occasional voluntary loss; that sixpences have to be lost as well as lives, under a sense of duty; that the market may have its martyrdoms as well as the pulpit; and trade its heroisms as well as war."

9

But this, by Ruskin's method, could never happen ; for the wage would no longer vary. Instead of this selfish and suicidal competition by which one man is forced to bid against his fellow we shall have an honourable and salutary emulation. For the man who does the work well, will find employment, the man who does it ill, will not. The reward of the good workman will no longer be the uncertain chance of driving a closer bargain than his fellow, but the comfortable assurance of a settled livelihood. The bad workman for his part will sink to a lower grade of employment. He will not work for the original employer, but may be, for his more successful rival ; for the latter (earning now a just and ample wage), will have the wherewithal to satisfy new wants and will be able to pay the inferior workman to provide for their satisfaction. So it comes about that the good money paid by the employer to the first workman passes on from him to benefit the second also ; and instead of two men* serving one employer at an unjust price, we shall now have one man serving the employer and another man serving the employed—and each at a price which is just.

Many other things Ruskin has to say in "Unto This Last," some which concern Political Economy and others which do not ; neither need occupy us here. His essays, as he himself says in the Preface, "were reprobated in the most violent manner by most of the readers they met with." The prophet had no honour in his own generation. Nevertheless his teaching sowed good seed. Its moral appeal went far deeper than its logic. And when all its exaggerations, its contradictions and its fantasticalities are discounted, there remains much in what he said, which has left an

* Two men serving the employer because (as Ruskin argues) by his under-payment of workman Number One, the employer will have saved enough to employ workman Number Two as well.

with masters ; and a particular price has been assigned to a particular piece of work. The turning of a lathe, the minding of a loom, the sorting out of coal lumps, and even the laying of a brick have each their settled price. But even in these organised trades it must be admitted that there is still a wide divergence between district and district, and it may be between neighbouring workshops. There are many occupations, however, in which wages are not so regulated ; thus before the Agricultural Legislation of 1917, the weekly earnings of a farm labourer in different parts of the country varied as widely as from twenty-two shillings to twelve ; and it is the same with hundreds of lesser jobs. In short, it is one of the chief duties of Labour in the future to force such organised arrangements upon employers, and defeat the inevitable tendency of struggling workmen to undersell each other.

If, however, Ruskin imagined that by the system of the level wage he would eliminate the inexorable influence of demand and supply, he was very much mistaken. For without reference to these it is impossible to set a value upon labour at all. Time, as he himself admits, is no true standard. If a coal-heaver works twelve hours to provide a Prime Minister with coal, he cannot expect twelve hours of service in return. A general's time is more precious than a private's ; and ten minutes of a skilled physician's thought is worth an apothecary's fortnight. So Ruskin falls back in due course upon the notion that skill must be the basis of evaluation. Yet has skill a value on its own account, or is it not of value just in so far as it satisfies the needs of men ? A person may possess great skill in the study of Hebrew dialects or in the making of periwigs ; but if nobody shares his antiquarian zeal, or wishes to wear false hair, he could not make a penny by either. In Ruskin's time there still existed men and women who were experienced in the

numbers. Here, then, is a nice question for discussion, what value men will set upon the loss of a lung, a question to which no Board of Assessors that ever sat could offer an adequate solution; but a question which is solved easily enough by the practical arithmetic of supply and demand.

Thus any attempt to fix the value of work by any arbitrary standard will be fraught with real and almost insurmountable difficulties. Even if the standard were satisfactorily settled now it would be out of date in a few years time. There will be changes in men's habits and ambitions, changes in their taste for one sort of work and distaste for another, changes in the productiveness of their labour and in the cost of living. None of these factors but will have an influence upon the question of their remuneration. Some of these factors no trained assessor could foresee or compute; others have, in the past and present, proved a stumbling block to practical reformers. If, for example, women are to be absorbed into a new branch of industry, it is no easy problem to decide whether they shall enjoy the same rates of pay as men, or whether the men's labour will depreciate in value. Again, the cost of living varies in different parts of England, and although the wages of both are fixed at the same rate, an artisan in one district will be better off than his fellow in another. In each of these two cases the influence of Supply and Demand will creep in and upset the justice of our calculations. To evade them altogether seems difficult if not impossible, but the most striking illustration of the difficulty is to be found in the problem of the minimum wage—a reform which approximates perhaps most nearly to Ruskin's own suggestion. Let us suppose, that a minimum wage is promised to the men of the Welsh coal fields; in consequence of the increased drain on their resources many owners find that the

is obvious that the wage-earners' power of purchase will be thereby increased. He will have more to spend; he will discover new wants to satisfy, and other workmen will be called upon to produce for the satisfaction of those wants. Now, as we have seen above, the great need of the world is to produce more plentifully and more cheaply. If man chooses, he can, by the exercise of his wits no less than by the exertion of his body, devise more rapid and more fruitful methods of production than he has in the past employed. But he needs some stimulus to do so; and the best stimulus of all is a declared and obvious demand. Men will not produce unless they are certain that others will consume; therefore the best means to quicken the producer's energy is to increase the consumer's power of purchase. So the universal minimum wage, though in the long run it must be expected to cause a general rise in prices, may in the meanwhile have done its work by improving man's industrial methods, drawing out his inventive faculty and infusing, as it were, fresh blood into the languishing body of commerce. But besides the stimulus which the minimum wage may give to industry as a whole, it may prove a more particular advantage to the trade which it immediately concerns. Nothing is more strange than the persistent blindness of employers to the very obvious fact that ill-paid labour does not pay. A worker who is badly kept and poorly fed cannot in reason be expected to perform the best work of which he is capable. The most crying scandal of the nineteenth century is the ill-health of our urban populations and the deterioration of the national physique. Girls and boys who are brought up on insufficient nourishment, represent so much loss of economic power to the community. Men and women who are compelled to labour under distressing or insanitary conditions are wasting that vital energy which is the nation's most

between our own interest and our neighbour's and excuse an unfair gain which is another's loss, we should do well to remember this common tie of mutual service and mutual dependence. Buying and selling, producing and consuming, we are all involved in one universal game ; and by an unspoken instinct at least, if not by compact, we all agreed that this game should be played according to the rules. So we have come to speak of a bargain as fair or unfair, not because the value of this or that is determined by ethics, or depends upon some abstract standard of right or wrong, but because each, knowing his power as a producer, is minded to use it with restraint upon condition that his fellows should do likewise. Madam Do-as-you-would-be-done-by holds authority in trade no less than in other spheres of human intercourse. In our social and political life we have long since learnt to reject the principle of "might is right"—but we have still to learn that economic power is not given us for exploitation and misuse, and that the Ten Commandments do not cease to be operative behind the counting-house door.

To reconcile the selfish claims of economic interest with the altruistic ideals of moral obligation must always be a difficult task—but most difficult of all perhaps for the employer. For his responsibility is heavier than all others. The man who holds such power for good or evil over the lives of hundreds, or it may be thousands of his fellow beings, cannot shirk the responsibility of that tremendous trust. He owes it to them and to himself and to the State that this trust shall be discharged according to the measure of his powers and his opportunity. The more honour to him if he discharges it well. The market, as Ruskin says, "may have its martyrdoms as well as the pulpit, and trade its heroism as well as war." This is in truth a hard saying ; but the precepts of all high moralities are

and counter-claim can both be satisfied, no more need be said. But if there is a clash of interests and one or the other must be sacrificed, then a balance must be struck and a choice be made—and we cannot in good conscience make that choice upon any but the highest grounds. It is for each to see that his eye is single in the choosing and that he uses no weighted scales.

buss against gun. One thing, however, he may do to redress the balance ; he may persuade his fellows to concerted action. Unity is strength ; and, taken in combination, the bargaining power of the workers may become equal, perhaps superior to the bargaining power of the employer. For, though the employer may suffer no serious damage by the loss of a particular workman, it must mean ultimate disaster if nobody will work for him at all. So from the first it has been the worker's desire to promote, as it has been (until recent years) the employer's desire to restrict, the use of industrial combination.

Until after Waterloo was fought, and the old order of things had passed definitely away, the power of the employer held the field unchallenged. During the latter half of the preceding century, those new processes of manufacture which brought the Industrial Revolution into being, had not merely begun to spread terrible distress among the workers, but had indirectly caused a serious infringement of their rights and liberties. The introduction of new processes of manufacture had led to the widespread employment of children and women, and this had very naturally aroused the resentment of the adult workers who found themselves, temporarily at least, displaced. By way of protest they appealed to the Statute of Apprentices, an obsolete law of Queen Elizabeth's reign ; and they even attempted by some sort of combination to enforce its observance. But the employers went one better ; and in the last year of the century secured the passage of a law by which all such combination " in restraint of trade " was positively forbidden. But such repressive measures could hardly be permanent. More and more the workers became sensible of the vileness of their own condition, of the glaring contrast between poverty and wealth, and of the inhuman attitude of their masters. And along with this growing

a gunpowder explosion was traced to their agency, and a certain saw-grinder, James Lindley by name, was murdered by a shot from an air-gun, for breaking the regulations of his Union. The country was seriously perturbed. A Royal Commission was appointed; and in the sequel the cause of labour won a substantial victory. By the Acts of 1871 and 1875 the position of Trades Unions and in particular their right to hold land and accumulate funds, was formally recognised by law. These funds might now be used at the Unionists' discretion, on condition that an annual account of them was presented to the Public Registrar. And, provided that the Unions committed no act which in a private citizen would be punishable as crime, they were henceforward free to pursue what policy they chose. The Charter of Labour was now won; and the efficacy of combination definitely assured, with the natural result that in the last quarter of the century the number of the Unions was nearly doubled. These new Unions passed rapidly from strength to strength; they found leaders of energy and resolution in such men as John Burns, Ben Tillett and Tom Mann, the trio who first won their spurs in the great Dock Strike of 1885. By continuous warfare the Unions quickly gained ground, consolidated their position and reinforced their ranks. Since the turn of the century the actual number of Unions has diminished, but their membership has increased by leaps and bounds. From upwards of two millions it rose in a dozen years to four; there are perhaps nearer five million unionists, male and female, in the country at the present day. All the best-paid trades are organised; miners, bricklayers, boiler-makers, ship builders, bootmakers, gas-workers, engineers and transport workers, beside a host of others—and even before the war they were among the most powerful forces in the country, and by constant pressure they

Vale Decision. A strike had broadened Union history, Vale Railway, and the company took the numerical against the men for the damage done. So long as a The case was carried from court to court joined against the House of Lords decided that a registered anxiety might be sued at law and was itself liable for injury inflicted by its members. The decision involved a new menace to Union funds, and, pending its reversal, the argument for abandoning the expenditure on benefits was overwhelming. The upshot was that a fresh impetus was given to the alternative policy upon which the new Unions had already embarked. This policy, as we have shown above, aimed at reinforcing industrial pressure by parliamentary action, and at achieving by public legislation what private bargaining could not secure them. Extravagant hopes of speedy victory were at first entertained, but were doomed to inevitable disappointment. The representatives of Labour formed but a mere handful in the House of Commons; and even these lacked ripe experience for the difficult game of politics. None the less, whether through the direct agency of the party or whether because the new crusade focussed public attention more closely on industrial problems, their efforts were by no means barren. During the last twenty years Act upon Act had been passed, reforming and regulating the relations between Capital and Labour. Under the Employers' Liability Act masters are bound to compensate their men for injuries received in carrying out their duties. This and the institution of Old Age Pensions have removed the more pressing needs for Benefit Funds. Under the Insurance Act the members of certain trades are now compulsorily insured against unemployment. Many gross abuses have been done away. In some ill-paid or "sweated" industries (such for instance as that of chain-making) the payment of a "living wage" has been enforced.

menace. In the early days of Trades Union history, employers' chief safeguard had been the numerical mass of the Unionists themselves. So long as a fraction only of the men were combined against capitalists felt little cause for real anxiety. They had but to count the cost before embarking on a course of strength and decide whether the dislocation of business was worth their annual issue of the struggle was hardly in evidence. There still existed still a vast reservoir of labour, upon which they could draw to fill the ranks of recalcitrant unionists; and, while labour was plentiful, no Union could hope for permanent success. But, as time went on, and the number of organised workers multiplied exceedingly, employers found that though the strength of organised labour was numerically weak (even to-day it counts for only a third of the industrial population) it was at the time had come for counter measures. As the men, so equally for the masters, the wisest tactics were to close their ranks. Combination can best be met by combination. The Employers' Lock-out is the obvious answer to the workman's strike.

In prosperous, chaotic, easy-going England the process of combination has been slow; employers clinging to their traditional belief in economic liberty and unrestricted competition, have been loth to tie their hands. But among other nations, to whom the discipline of centralised authority is less distasteful, developments have been more rapid and deliberate. In Sweden, for example, the two opposing parties are now entrenched in two solid Federations, all the employers on one side, upwards of half the working population on the other. Upon the first hint of serious trouble the employers mobilise their forces for a general lock-out. In 1906 they won the day merely by threat of action. In 1909 the Unions replied by declaring

LABOUR
taken out on the Taff
legal proceedings
in the strike.
and finally
Union
ties

being realised. In the first place, centralisation of any sort means officials ; and officialdom has never been popular with Englishmen. Unless the methods of election and representation are constantly revised, the leaders lose touch with the men ; they fail of the vigour and audacity needed for constructive action ; and Trade Unionism may very easily become as sterile and inert as any political bureaucracy. Worse still, there is not seldom jealousy between different trades ; and, as is only natural, every union is loth to involve itself in troubles which are not its own. Finally, as we have said already, the unions are far from having the whole force of labour at their back. Partly from ignorance of their value, partly from distrust of their methods, and dislike of the restrictions they impose, even more from inability to pay the subscription to the Union funds, the large mass of workers still remains outside. All manners of efforts have been made to induce them to come in. Those who are members already are forbidden in any way to assist non-unionists, often to work with non-unionists, and even (during strikes) to touch goods which non-unionists have handled. In season and out of season, by fair methods and foul, the Gospel of Unionism has been preached that by whatever means converts may be brought into the fold. During a strike a black-leg labourer is made to go in terror of his life ; and even the " peaceful picketing " allowed by law can often be a very formidable method of coercion. Such tactics, it is true, are a grievous violation of the independent labourer's liberties and rights. The Unions are hard task-masters ; their rules place most tyrannical restrictions not merely upon the output of each member's work, but upon the amount of each member's wage. There may seem, perhaps, small justice in compelling others to submit, against their will and, as they think, against their interest, to such arbitrary regulations. But from the Unionist's point

So to protect the weaker brethren who would thus be put to a serious disadvantage and perhaps lose their places altogether, the Unionists may be forced to set some limit to this practice and curtail the opportunities for overtime for all alike.* Again, to the outsider, it seems mere commonsense that when for some reason the hands in one department are idle, their labour should be used in some other department or on some other process. But the normal performers of that process do not regard it in that light. They merely see their own skill set at a discount, their monopoly threatened and themselves perhaps in the issue driven out of employment. So Unionists are naturally jealous not only of their rights as against the employer, but as against the non-unionists as well—and in self-defence they have built up a whole network of usages and regulations some actually recorded on paper, some handed down by tradition. These regulations differ from district to district, often from shop to shop. They were well described by a correspondent in the *Times* of January, 1917, as follows: "They embrace," he said, "not only the standard rate of wages, and the length of the normal working day, together with arrangements for overtime, night work, Sunday duty, mealtimes and holidays, but also the exact class of operatives (apprenticed, or skilled, semi-skilled or unskilled, labourers or women) to be engaged or not engaged for various kinds of work, upon particular processes, or with different types of machine; whether non-unionists should be employed at all; what processes should be employed for particular tasks; what machines should be used for particular jobs; how machines should be placed in relation to each other,

* Unionists' opinions differ on this point, some being in favour of restricting "overtime" work, others opposing such restriction. Certainly whatever may be urged on behalf of Trades Union action, there is a most real danger lest it should in this matter at least, damp the ardour and check the ambitions of the genuine hard-worker.

place ; and the 20,000 establishments working under Government control were " turning out on an average more than *twice* the product per operative that they did before the war." However workmen may grumble against employers' profits, whatever they may think about the unequal distribution of the spoils, such an increase could not but redound to their gain, such retardation as had existed, could not but mean their loss.

Nor was this the only defect which marred the success of Unionist achievement. Even the proudest victory may in the event look very like defeat. The minimum wage, for instance, turns out in practice to be no unmixed blessing ; for, if the employer is forced to pay a statutory wage, he will require in compensation a full and adequate return in work ; to retain the services of old, weak, or inefficient workmen will not be worth his while ; and so, what is gain to some unionists, brings dismissal and penury to others. Even strikes, however triumphant, may mean time wasted, markets lost, trade crippled. In the cotton industry the cupidity of the workers looked at one time like driving capital out of the business. Even prosperous owners will not embark on new and costly ventures, if they know that a fresh demand for higher wages will surely follow. Struggling firms will shut down rather than run their business at a loss. If trade suffers so must the workman ; and if the workmen are ready to " down tools " upon the smallest provocation, Trade cannot prosper amid a state of constant strikes. More deleterious still than open warfare, are those subterranean tactics which go under the common name of " ca' canny."*

* The term and the practice originated in the Building Trade. Masons saw that (as there were only a certain number of houses to be built) the quicker the job was done the longer would be the period of unemployment that would follow. So they deliberately adopted the plan of making the job last as long as they could, forbidding Union

in countries like Australia has been forced by law, is in England a natural growth. The relations between masters and men are often cordial, sometimes there is a mutual understanding and a reciprocal policy of "give and take." The Boiler Makers and Iron and Steel Shipbuilders' Society are even pledged to compensate the masters for bad workmanship or breach of faith. A similar agreement exists between the Engineers and the employers of some districts, where good work is rewarded by a premium bonus. But in general, such evidence of mutual confidence is rare; more frequently such diplomacy is nothing but the velvet glove. Labour means to come by its own, and beneath the surface there is everywhere suspicion, distrust, and preparation for a yet sterner fight.

(iii.)

Through whatever phases the industrial war may pass, and whatever may be the immediate question in dispute, the central issue is eternally the same—the issue between the man who has property and the man who has none. Until the close of the last century, the rate of pay was the chief point over which the fight was carried on. Then, as wages rose, and the cost of living became less, the ground was shifted and industrial conditions were uppermost. But for all that, the origin of discontent is not radically different; and it matters little whether the quarrel turns upon the rate of wages or the conditions of employment. These are but two sides to the same bargain. For a labouring man may say, "Whatever work you set me, I will do it, and what way you choose; but the wage is not sufficient, you must give me more," or alternatively he may say, "I will be satisfied with the wage you offer, but unless the character of the work is changed, conditions improved and hours diminished, I will do no work for you." It is all the same whether a man

has had its day ; democracy and equal rights have triumphed. But in the economic sphere, we are still bound by the shackles of the industrial feudalism. We, the rightful heirs to our country's rich resources, are still shut out of our inheritance ; we have no more share in the family wealth than if we were the family slaves. For this there is but one remedy. Until the monopoly is destroyed, and until the means and sources of production are taken from the hands of the usurpers, there can be for us neither compromise nor peace."

All this is, of course, not the talk of the apathetic, half contented millions ; but of the more progressive and more vocal section of the Labour movement. But if it seems to sound the tocsin of revolution, it is not for all that a hare-brained or ill-considered scheme. It is no mere catch-word philosophy which neither means what it says nor says what it means. For behind the inarticulate mass, who find in some ready-made phrase a specious remedy for their distresses, behind the noisy blusterers, who spout exaggerated half-truths in mass meetings or at street corners, there are plenty of hard heads and busy brains at work. There are men who read, discuss, and think for themselves ; and out of their thoughts they weave long-sighted altruistic schemes for the regeneration of the world. They see past the petty squabbles which concern a mere rise in wages, or a point of work-shop discipline ; they look to the ultimate goal towards which they conceive organised labour to be moving ; they see the irresistible force which the masses, did they but present a united front, might wield ; and first and foremost they are concerned with the purpose to which that force may one fine day be put. On one point they are generally agreed ; by fair means or foul the sources and the means of production must be taken from the Capitalist. But

vidual effort, self reliance and self-help than in all the political nostrums of the Socialists. They maintained that such vague recommendations were useless, as being outside the range of all practical application. They threatened to secede from the Congress, and their resistance so far triumphed that Socialism has gradually fallen into the background and such nebulous proposals as Keir Hardie's have ceased to appear on the agenda of the Congress. The Socialist Members at Westminster remained a handful of discredited cranks ; few listen to them now ; and, although during the war, the nationalisation of the Railways and the Mines—that consummation once so eagerly awaited—has been put to the test, it is doubtful whether the result of the experiment will make men quite so eager for its repetition in the future.

The fact is that the spell of Socialism was broken; the old leadership had lost its hold ; the rank and file were tired of their propaganda, as of a too familiar tune ; and it needed something new to catch the ear. At the same time a new restlessness was stirring in the body of Labour. The last few years before the outbreak of the war were years of bitter fighting in the industrial world. There were large strikes in plenty, and threats of even larger.* The men were spoiling for a fight on whatever issue, The employees of the North-Eastern Railway went out because a guard, who was accused of being drunk, had been penalised by the Company officials. Prices had meanwhile been rising steadily for ten years, and were rising still. Wages, which shortly before had been tolerable, were no longer adequate to meet the rise. A long trade boom had been in progress, yet the workers had them-

* On a ten years' average previous to 1911 the annual number of strikes was 463, the number of persons affected 221,058, the number of days lost in aggregate about 4 million. In 1912, there were 821 strikes, affecting 1,437,032 persons ; and the days lost reached the astounding total of 40,346,400.

to a logical conclusion. "The Mine for the Miners" is a fine sounding motto; but then comes the fair, though cynical retort, "the Patients for the Doctor"; and the thing appears ridiculous. Moreover, how such a reversal of our present social structure is to be accomplished, is not defined. Somehow or other the day will come like a thief in the night; a general strike, a revolution, who knows what? And in the meantime in blind but trustful faith, men must fight on preparing ceaselessly, winning here a little, there a little, by strike upon strike, and blow upon blow, pressing the enemy "*sans trêve et sans relâche*."

Such a theory may suit the intellectual and ardent temper of the French; but to most Englishmen, as stated in its extreme form, it sounds like idle talk. They have not that faith in abstract ideals which Frenchmen have; they like to see something for their money, or at least some tangible pledge of definite results. Nevertheless Syndicalism is a name which has caught on. In its saner aspects, at any rate, it seems to promise an alternative to Socialism, and is free from Socialism's most radical defects. The overthrow of Capitalist Society, which would leave the control of industry in the hands of the Trades Unions, and would bring the whole profit of production into the hands of the producers—that seems to many an ideal worth fighting for, and an ideal capable perhaps of none too distant realisation. Already before the war, Syndicalism had taken some hold upon the minds of progressive Unions. But during four years of war its growth has assumed more formidable proportions. The strike which in the past had been regarded merely as an attack on the employer, immediately became overt menace to the State, which was now directly or indirectly the employer of nine-tenths of the working population. Successive Governments were not strong enough or courageous

structure. Syndicalism is debated in a hundred towns, vaguely perhaps, but none the less in deadly earnest. Whether either or neither will eventually triumph, the future alone will show ; but it is in the present (and that without delay) that the cost of both must be counted.

behave as such. It took just on eighteen hundred years of Christianity, before men thought of asserting this principle in any practical manner ; and when they did, they signalised their access of brotherly zeal by establishing a military despotism and cutting off a large number of their brothers' heads. But though the banner of the Revolution was inscribed with the words Liberty, Equality and Fraternity, and though Rousseau preached the ultimate rightness of pure Democracy, it is to the aftermath of the Revolution rather than to its actual course, that we shall look for any definite scheme of Socialistic practice. With two French writers in particular, Fourier and Saint Simon, the theory began to crystallise. Both were dreamers. Utopians, men of a naive and optimistic philanthropy, In the Gospel according to Fourier salvation was to be found through a new form of political unit. By living together in small groups or communes (counting under two thousand members), men could, he thought, improve their lot, chiefly through a new harmony of organisation which would supplant the wasteful discord of competition. Fourier did not himself propose to suppress all inequality arising from private ownership ; but more thorough-going *Communists* have not shrunk from asserting that such a society should live as the family lives, each member, that is, giving his work for the good of all, and *receiving each according to his need*. No doubt it is a beautiful ideal ; but to imagine that under such a system the individual would set a voluntary limit upon his appetite, requires an almost fanatical belief in the goodness of human nature. And, though, in point of fact, communities much on these lines have actually existed and even flourished in America, their success has only been achieved by the strictest enforcement of discipline, and under the spiritual stimulus of strong religious enthusiasm.

Marx's forecast has been demonstrably untrue to fact ; even if the rich have become richer the poor have certainly not become poorer. But (whether his theories are false or true) Marx does not stand or fall a philosopher alone ; for he was also a leader of men. Though he professed to be no revolutionary firebrand, he set himself to awaken the working classes to a consciousness of their plight. Driven out from Germany an exile (for he took part in the Revolution of '48) he carried the message of class warfare to Paris and to London. From here he issued his famous summons to the world, " Workers of all lands, unite ! " and his enthusiasm bore fruit in the foundation of the International Working-men's Association. The " International " is a league wherein all differences of creed or country are sunk in the common fight against oppression. So, by a curious irony of fate, it was a German who first established the one outward and visible expression of the universal brotherhood of man. This is Marx's chief claim to greatness. His name and theory became words for Socialists to conjure with ; and he gave to Socialistic agitation an impetus and a solidarity which have made it a living force in Europe, and which in our own day has been reborn in the proposal for a Socialist conference at Stockholm.

It was not, however, till Marx himself died and had been buried in Highgate cemetery, that the fruits of his work began to be plainly visible in England. In the thirties it is true, Chartism had made its protest against industrial tyranny, and had even formulated a remedy in its democratic " Charter." About the same time Robert Owen had thrown out an ideal and had made experiments in his own Lanark Mills. Then in the early eighties the revelations of Henry George in his " Progress and Poverty " shocked men into action, and set them thinking over his violent

cultivate genius, encourage art. In a word Socialism is a sort of Paradise come to earth—a state of being fit only for a celestial choir of angels. Now we all want liberty, art, culture and efficiency; what we do not know is how to get them. The Higher Socialism may well be matter for pious aspiration; but it does not help us much in the serious discussion of present-day problems. At one point however Socialism has come forward with a practical suggestion. When at the Norwich Congress Mr. Keir Hardie proposed the nationalisation of “the whole means of production, distribution and exchange” he was in a strict sense talking as a Collectivist, but though this programme would satisfy but one side of the Socialist policy only, it is by so much the most tangible and practical side that it may rightly be regarded as the central plank in the Socialist platform. Here at any rate we are on solid ground.

(ii.)

When a man complains of the profit which a mine-owner makes out of his mine, it is plain that he may have two motives for annoyance. He may be grumbling because he is a miner and his wages are too low; or he may be grumbling because he is a householder and pays too much for coal. Socialism, the all embracing, will sympathise with both grievances; for it is concerned with the interests of miner and householder alike. Collectivism concerns itself entirely with the *latter*, with the consumer not with the producer. It purposes to take the mine from the Capitalist and entrust it to the keeping of the State. The State representing the citizens at large and responsible to the whole community, not to a single class, will study the public convenience, and furnish forth the coal for the consumer's benefit; and no doubt the consumer will benefit handsomely thereby. There

the more insidious but equally obvious process of oppressive taxes. In either case it will take its stand upon the plea of the common good. That is the excuse which served to recommend the confiscation of the monasteries, and the disendowment of the Welsh Established Church. The State, Socialists say, is greater than the Individual, who owes everything he has to the state's bounty and protection. Therefore, say the Socialists, the State can do what it wills with its own. They will argue, for instance, that the high value of your land in Hampstead is derived from the presence of the people who rent it, and that therefore—a very singular contention—the People with a large P are entitled to annex your profits, because it is they have caused it and not you. It is on this somewhat dubious pretext that many are eager to-day to tax the landowner out of existence—but this is a flimsy subterfuge for evading moral issues. Such a plea is no better than the Spartan's who was wont to justify picking and stealing because he had previously invented an hypothesis that private property should not exist. But the state itself happens to depend upon a directly contrary hypothesis; namely, that individuals are bound to respect their neighbour's rights; and the state if it defies the moral law itself, will be cutting the ground from under its own feet. So in all likelihood it will prefer to adopt a show of legality and buy the private owners out. This is the scheme which now finds favour with the majority of modern Socialists. For precedent they are able to quote such a transaction as the buying out by Government of the Private Telephone Companies in 1907: and that the scheme would in its initial stages be workable enough, we need not doubt. The first step would be to find the money for the purchase. So large a sum could hardly be raised by ordinary taxation, but a public loan could easily be issued: and this would be done. As, how-

say that Capitalists have done nothing to deserve their fortune. But it is hardly consistent to stop there; if Capitalists' brains are not deserving of reward, Socialists' brains are no more so. At this rate, there can be no reason under heaven why the Socialist State should distinguish between the services of its citizens, nor why it should pay its Prime Minister more highly than its sweeps. Let us forthwith institute the commune and have done with this talk of deserts and rewards; under that delightful system, everybody would presumably be happy, free to do what he likes, and to get what he wants, and there could be no reason thenceforward to grudge a neighbour any mortal thing—except his appetite.

It is usually considered bad ethics, to condone the immoral means in anticipation of the moral end. Yet we cannot ignore that in the larger movements of history this obnoxious principle has stood justified by its results. The overthrow of tyrants, and oligarchies, the emancipation of oppressed peoples, even the beneficent supremacy of great empires, these have not been accomplished without worse things than robbery. If Socialism can make good one half of the beautiful things that it promises, we might well be glad to draw a veil over its less lovely features. It is indeed an alluring picture, this state of co-operation and brotherly love. It has much to offer besides the abolition of Capitalists. At one stroke we should be rid not merely of profiteering, but of the competition itself and all its attendant curses, the whole meaningless struggle to outbid or undersell, the wasteful, ugly habit of advertisement, the frauds, and duplicity of commerce; and above all we should be rid of the unnecessary duplication of single functions. All this would disappear under the directions of a wise and centralised control. We should no longer have "twenty milk-carts rattling down the street where one

his old methods and organise the strike. But here again he will be met and countered; the public will stand no tampering with its supplies; the government will be called upon to take strong measures, and the workman will be ordered back to work, censured for conspiracy against the common weal, and, if need be, penalised for his insubordination. The servant of the State cannot strike with any prospect of success; for the State is a mightier master than any capitalist yet born. This M. Briand proved when the railway men of France went on strike in recent years; he ordered a mobilisation of the army, commandeered their services as conscripts under military law; they dared not disobey under penalty of court-martial and the strike was broken. So too in the Belgian strike of 1902; in this case the bourgeois mobilised their civil forces, ran the necessary services of the community themselves, and showed the producers that their threat could be parried by the united efforts of the consumers. Far more powerful would be the control of a Socialist Government, with the whole force of law and constitution at its back. It may be of course that the State will be a more reasonable master than the employers were, and that the demands of the workers will in every case be granted (though that has not been the experience of public servants in the past, and even in our own Post Office there have been threats of strike), but that will avail nothing unless the demands of the workers are reasonable too; and what ground have we for assuming that they will be. Men will never be satisfied on this side of Doomsday; and it is far more probable that failing by this method, they will turn to another more effective and more insidious. Although they will have lost their power of industrial independence, at least they will not have lost their voter's privilege. As constituents, they can still bring pressure to bear upon their members and through them

lose by taking risks. His strength like the strength of Egypt of old is to sit still. This tendency towards the stagnation of officialdom is strong; but fortunately it is not inevitable. We ourselves happen to be living in a progressive age; we have go-ahead ministers; the Government Departments have put their shoulders boldly to the wheel; and they will have much to show for their exertions. In Education, Labour control, Public Health, and what not, we shall likely enough see wide and beneficent reforms; for centralisation creates a motive power which private enterprise cannot command, just as one man at the helm can steer the ship more skilfully than the ill correlated efforts of a hundred oarsmen. So there can be little doubt that the state of the future will gather more and more threads into its own hands. Its ministers will wield a tremendous power for good, and so long as their enthusiasm is sustained and the crusading spirit is upon them, they will effect changes which, under the old system of *laissez faire*, we waited for in vain. But none the less behind the knight errant of state control, there sits the spectre of bureaucracy. As the field of action becomes wider and the touch of personal inspiration less vital and direct, then comes the chance for paralysis and stagnation to return. State management is by no means a sure passport to efficiency. In France the Chemin-de-fer de l'Oueste has been notoriously ill run; and municipal undertakings are not as a rule more successful than those managed by private enterprise. Trade conducted as one gigantic national concern would be a perilous adventure; and no prophecy can guarantee that the sources of enterprise and invention would not be sapped,—not altogether because Socialist man would lack the old stimulus of private property. It is clear, the Socialist would say, that already the vast majority of mankind do labour without the smallest prospect of owning anything.

keeper, the yeoman farmer, the professional man will have vanished with them. Those many millions, too, whose life is even now a life of dependency and service, will become more dependent and not less. To-day the men exercise some freedom at least in the choice of the trade they shall follow, the master they shall serve, and the age at which they shall retire. But, once caught in the vast organisation of a State intent upon turning its human material to the best advantage, they will find themselves mere ciphers in the hands of others. Marked out at school for the trade or profession to which their capacity best suits them, they will be drafted out by the centralised bureaux of employment, and set into their appointed place. The term of their working days will be fixed by a system of pensions and superannuation such as is now current in our civil services. I do not say that their lives will be less useful or less happy for all this ; but it is certain that their spirit cannot retain its old independence ; their individuality must suffer. Character is not to be manufactured by methods of compulsion. A man learns most and best not what he is made to do, but what he does of his free choice, from his blunders as well as from his successes. Take away his liberty, and he will never gain self-control. Deprive him of money and he will never learn to be honest ; forbid him to touch drink and he will never acquire the habit of true temperance. Wine, as the Spartans used to say, is the best schoolmaster. So with the strong wine of economic liberty.

And this is what the Socialist, in his hurry to reform mankind, too frequently forgets. Consider Lloyd George's Insurance Act and its effect upon the people. So long as membership to a Friendly Society was optional to a man, he was free to pay a subscription or not as he chose. Now he has no such choice ; but though we have forced him to save, we have not

they would even have out-stripped their rivals in the field of trade and manufactures. But even had they done so, such a victory would have been purchased at too great a cost. There are things in life of higher value than material prosperity; and the man or nation that sets success before conscience, and efficiency above character, is signing the fatal compact of Faustus.

Socialism may fairly claim that by its democratic institutions it would avoid the grosser errors of the Germans; but just because it could never be content to leave the individual to himself that he might learn by his blunders and misfortunes the very lessons which life is meant to teach him, it is certain that Socialism could never raise him to the level to which he is meant to rise. The spirit of service and self-sacrifice which Socialism upholds, is a fine and noble ideal; but the service and the sacrifice must come from within a man's own self. For no political system can make human beings good or happy; that they can only accomplish for themselves; and before they can accomplish it, they must have been educated to the part, learning in the hard school of experience, and exercising their own liberty of choice. And on the day when the lesson shall have been learnt, there will be no need for Socialism any more; the millenium will have arrived.

NOTE ON CO-OPERATIVE SOCIETIES OF CONSUMERS.

It would not be right to close this chapter without making some reference to the great practical experiment in Socialistic methods which has been conducted by the Co-operative Societies of Consumers. Though due to the private enterprise of individuals, and being

their savings to the capitalisation of these concerns, the working funds of which then ran to thirty millions, the annual turn-over to sixty million pounds. The movement is growing still: and in the first decade of this century alone, the membership increased by one half. It draws its adherents chiefly from among the better paid workers: for the very poor have no money to invest; the rich prefer other channels for investment. Its activities which were at first confined to the retail trade only, have gradually been enlarged. The first step was a very natural extension to the wholesale trade. To this the Societies were in a manner forced, partly because the various stores were found to be buying against one another in the wholesale market, partly because the independent retailers, jealous of their too successful rivals, were trying to press the wholesale merchants to a boycott. The upshot was that in 1864, the Co-operative Wholesale Society was founded: to be followed a few years later by the establishment of a similar society in Scotland. But this step soon led to another. Independent as they now might be of the wholesale merchant, the societies were still at the mercy of the manufacturer, and, gradually, they awoke to the obvious advantages of manufacturing for themselves. Production was not indeed a complete novelty in the history of the movement: and in quite early days we find the Co-operatives in possession of a flour-mill. But once it was undertaken in real earnest, their productive enterprise grew apace. Fruit farms, dairies, coal-mines, and even tropical plantations were acquired. Factories were started for the manufacture of clothing, boots, soap, saddlery, and furniture. Not even transport was neglected, and in due course a line of co-operative steamers began to ply between English and continental ports. In short, the whole process of production, from mine or field

ciple of co-operative control, it is clear that no single shareholder can gain a predominant position over his fellows. There can be no magnates of co-operative finance. Thus there would seem to be a real truth in the societies' claim that they have exorcised within themselves the hated spirit of commercialism. Competition between member and member, or between store and store becomes altogether meaningless, when "profits" are distributed, not in proportion to each member's capital, but in proportion to the purchases that each member makes.* Best of all, this beneficent change has been accomplished, not (as under socialism) by a universal system of compulsion, but by the spontaneous act of individual men and women. The Co-operative Movement works through no paternal discipline of State: rather it is of itself a liberal education in economic freedom, an opportunity for the personal exercise of economic wisdom, and a stimulus to the virtues of independence and self-help.

Yet against this special excellence of the co-operative scheme must be set its one fundamental weakness. For, while, like Socialism, it sets out to solve the great economic problem of the day, it cannot, like Socialism, pretend to offer a complete solution, simply because it can never hope to cover the whole field of economic life. That problem it approaches, as we have seen, from one side only, the side of the working-class consumer. His conscious and immediate wants it attempts to satisfy and may succeed in satisfying: but with production other than that which satisfies those needs, it is not interested. When, however, we come to consider our own national industries, it will at once be seen that they are by no means confined to this narrow field. Our workshops and factories are engaged in turning out cantilever bridges and trans-

* Invested capital receives, it is true, a regular dividend; but this at no more than a standard rate of four or five per cent.

to do with its relation to the rival agents of production ; for with these, until they have established a monopoly, the societies must in very self-defence compete. Now as, we have seen, they are not primarily money-making concerns : and for this reason they lack the incentive which stimulates the energy and imagination of the private capitalist or trader. He, for his part, is ever on the alert to find a new market for his goods, and to adapt his production to some change of taste and fashion. In other words, he tries to create demand ; the co-operatives follow it. His object is to discover fresh needs : theirs to supply the needs they see. Hence co-operative production is apt to be too cautious and conservative. The very security of its market is a discouragement to bold initiative : and so there is a real danger that co-operative industry will lag behind, content to employ old-fashioned easy-going methods, and to supply goods inferior in quality to the goods of its capitalist rivals. If that prove to be the case, success will be long in coming : perhaps will never come at all, and the first problem therefore is briefly this : can the standard of co-operative production be kept high, and at the same time the standard of co-operative ideals not be lowered, or must the bare fact of external competition involve some concession to the spirit of commercialism ?

The second problem springs in part from the first : for closely connected with their relation to competitors is the Societies' relation to their own employees. Amongst the many methods whereby the private capitalist is enabled to over-reach or outstrip his rivals, not the least fruitful is the employment of cheap labour : and it is clear that if by paying low wages he can produce his goods at a lower price than the co-operatives, they will once again be placed in a dilemma. They can hardly hope to extend their market, so long as their goods are dear in comparison

the profits. But such a concession is not merely at variance with the co-operative view of profits, but is also open to just the same objections as when it is made by the capitalist employer. The fact is that so far from solving the problem of industrial profits, Co-operation has merely carried it one step further back. When the issue ceases to lie between master and man, it is revived again between producer and consumer. Between the interests of these two, there must be conflict, so long as there is also division of labour or a system of exchange. It is the fundamental antagonism of economic life: and reconciliation can come in two ways and two ways only. One is by the adoption of State Socialism, that is, by force. The other is by a voluntary and universal recognition of the economic brotherhood of man.

Now it is for the latter ideal that Co-operation above all stands: and in its loyalty thereto must lie its ultimate chances of success. For while it can never hope to conquer capitalism by capitalist methods, it may yet win the world by converting it. The two problems of which we have spoken, will be solved, if they are to be solved at all, by maintaining co-operative idealism, not by debasing it. The solution of the first must come by offering the best possible value to the purchaser of goods; the solution of the second by offering the fairest possible wage to the employee. In preferring fair prices before large profits, in setting commercial honesty above the capture of markets, in upholding standards of good workmanship, and in rejecting all that is shoddy and unsound, the Co-operative societies may set a pattern to the world; and notwithstanding that progress may be slow, it will none the less be sure: for such methods bring their own reward. So too, by resolutely insisting on an equitable wage-scale, without undue regard for profits on the one hand, or undue leniency to the workers on

CHAPTER XIV

FALSE SOCIALISM OR THE SERVILE STATE

(i.)


It is the one great merit of the Socialistic method that it is constitutional. For though its end is revolutionary, the means to that end are not. Socialism does not run counter to the principles of democracy ; it does not seek to flout the supreme authority of the State but rather to reinforce it. Its battles will be fought out, not at the barricades, but across the benches of the House of Commons. In other words, socialism could only be established by the express will of the people and through the votes of its elected leaders. Yet just because the socialist movement is a political movement, pursuing its aims through constitutional courses, it is for this very reason exposed to a peculiar danger. Democracy is a sea of shifting tides and many incalculable currents, and the strong flow of the people's will may often be stemmed, or, if not stemmed, diverted into unexpected channels. Parliament's policy is influenced by much else besides the ballot-box. All manner of interests are reflected in its changing counsels and of these interests Labour is by no means the strongest or most united ; still less is it the most skilful or experienced in the game of political tactics. So the very methods by which Labour feels its way towards the socialistic system, may be used by others to thwart its purpose and render its seeming victories innocuous.

If, as we often boast, England is in truth a democratic country, there was never surely a democracy in which

wealth. With the coming of peace, the capitalist will be found doubly armed against his adversary the working-man. Not only can he fight him—as well perhaps as ever—upon the old industrial battle-ground ; but like a skilful strategist he may strike in another quarter, and while yet the ranks of Labour are disintegrated and the reorganisation of industry is taking place, he may mobilise even more powerful forces and ambush the enemy upon the field of politics. For politics will play no small part in the re-shaping of industry. Already the war has led to the concentration of immense powers in the hands of our statesmen and officials. It has brought about the temporary nationalisation of mines and railways. It has given us a public Ministry of Agriculture and Shipping and Food. There is scarcely a department of the national life which has been left untouched by State control. And the return of peace, so far from loosening the bonds, may well serve to draw them tighter. The Government which handles the demobilisation of the army, will exercise wide powers over the redistribution of labour and the new conditions of employment, and such an opportunity for central organisation it could not, if it would, refuse. The economic situation will not allow of such a course. Food will be scarce and famine perhaps perilously near. Raw materials will be scarcer and industry sorely crippled by its lengthy dislocation. Private capital will be exhausted by the exigencies of war finance, and helpless to meet the coming struggle for the world's markets. The crisis (for it will be no less) will call for measures even more autocratic and comprehensive than we have yet witnessed ; and for the time being the Cabinet may be compelled to take the whole business of production and supply under its own control. Here then is the Socialist's opportunity ; these sweeping, though temporary, expedients surpass his wildest hopes ;

Labour's title to receive a fair wage, and Capital's right to compel work in return, are alike *ratified by law*.

Now it is of the nature of all bounties and concessions that they should carry with them a corresponding obligation on the part of the recipient. If I accept a favour from a friend, I am morally bound to do him some favour in return. So when the Lady Bountiful of fifty years ago provided her tenants with woollen goods at Christmas time or soup when they were ill, she expected that they on their part should "look up" to her, should behave in such and such a manner when they met her on the road, and in general should recognise their status as inferior beings. All this was doubtless very proper and, so long as the obligation remained a sentimental and personal concern, quite harmless. But when the obligation becomes impersonal or absolute and is exalted to the rank of a theory, the case is different. To-day charity has ceased to be a virtue and has become a science. The poor man is no longer an object for benevolence and almsgiving; but for investigation, for supervision, and, if need be, for disciplinary treatment. His state of necessity is held to give his benefactors the right to dictate humiliating terms; and his submission to various inquisitions and restrictions is a primary condition of relief. The Charitable Body of to-day very naturally insists that no help shall be given to any man whose past, present and future conduct does not conform to its own standards of right behaviour; nor would there be much harm in this perfectly just procedure, were it not that consciously or unconsciously the benefactors of the poor have been betrayed thereby into a fixed and settled habit of mind. They come to regard the poor not as ordinary members of the community but as a class apart which, being proved incapable of ordering its own affairs, is in need of external direction and assistance. "If the poor will



criminate between the classes, but which even appear to legitimise the difference of class status. Now there are many laws, it is true, which of their very nature must apply to some sections of the community and not to others ; there must be laws which regulate the acts of milkmen (in respect of watering their milk) or of the clergy (in respect of the ritual they shall observe). But the type of legislation with which we are concerned, goes differently to work. It says in effect to the citizens, "I recognise that there are among you two classes, employers and employed. These two classes moreover bear in their life and work certain mutual relations towards each other. These relations I shall make it my business to control, regulate and adjust. Your business as citizens is to accept the classification and to behave accordingly. You who are employers shall behave in such and such a manner to those in your employ ; I will draw up rules for your direction. You, the employed, shall receive a separate code of duties, differing from those of your employer, and made to suit you because you are employed. It will be greatly to your interest to observe them." Now legislation of this sort has become of late years increasingly common. Let us take an obvious instance, the Act concerning Employers' Liability. Under this law the Employer's obligation is alone concerned. If any accident or damage, whether due to carelessness or misadventure, should befall a man working in his employ, then he, the employer, must compensate that workman in such a manner as the State directs. The workman himself has no corresponding duty. Under the Insurance Act however, the duties of both parties are defined. The employer's duty is to put by a weekly sum for the purchase of a Government stamp ; the workman is to do the same ; and out of their combined payments, together with some addition from the taxes, the workman is provided with drugs and medical advice. In

station ; in return for a trifling though compulsory payment, you have received the attendance of my doctors. In all this I have required more at the hands of your employers than at yours, and they have not failed me. It is your turn now, I propose that you shall work for the said employers in perpetuity, without liberty of contract and at such a wage as I shall hereinafter fix. Such an arrangement I need hardly say will greatly ease the organisation of our national industries and secure our regular out-put of production against all vexatious and needless interruption." No legislator, of course, would ever put the case in such blunt words as these. But it is not difficult to foresee how he may proceed to the same end. First, he enforces amid the acclamations of the poor, the payment of a standard minimum wage ; so far good ; if the employers grumble, no matter. Next, this will very naturally be followed by a general scheme of compulsory insurance, whereby a man out of employment will find himself supported by the State (largely perhaps at the employer's expense). Good also ; the poor man is now secure against every accident of fate. Presently, however, it comes to light that there are certain indolent persons who finding the Unemployment Benefit sufficient for the support of life (for in justice to the honest worker it could hardly be less) are beginning to show a sad distaste for work, and are none too eager in their attempts to find a job. This condition of affairs our legislator can scarcely tolerate. Wastrels cannot be supported out of the public funds ; and there is but one remedy. These men who will not work must be compelled.* If they refuse to engage themselves to an employer they must be put under official supervision, and sent to a Labour Colony or whatever it be called. This place of detention will

* To withhold the payment of the Unemployment Benefit would be compulsion of a more subtle sort, but not differing in principle.

no longer a bargain driver haggling and manœuvring with Labour, but master absolute. Instead of a rebellious, half tamed company of workers, eager to assert their independence, for ever demanding higher wages, calling strikes and quarrelling with the discipline of the work shops, he would now command an army of docile and contented helots. For whatever advantage of treatment or condition the workers would have gained, they would none the less be slaves, bound by the peculiarity of their status to a life of compulsory toil. Nor is such a conjunction of industrial servility and material well-being a mere fantasy of the theorist. Even in the civilisations of antiquity such a thing was known. At Athens where an aristocracy of free-men owed the ease and culture of their prosperous lives to a system of slave-labour, the slaves themselves were on the whole well fed, well used and tolerably content. The Servile State does not of necessity involve a proletariat so degraded as the serf labourers pictured by Mr. Wells in "When the Sleeper Wakes," a soulless mass of human mechanism dispossessed of all privileges and powers, and condemned to toil in a swarming metropolis of engine rooms and factories for the benefit of their Olympian despots of the upper air. On the contrary, the proletariat of the Servile State would find their happiness increasing rather than diminished. Accustomed by the slow degrees to the restrictive influences of servile legislation, they would lose their appetite for liberty and cease to recognise the change. Intent upon the flesh-pots of the present they would forget the lost privileges of the past, and would look back perhaps with pitying disdain to the unhappy epoch of King George the Fifth. For to the outward eye, at least, they would hardly be distinguishable from the more prosperous among the workers of to-day.

Such, it would seem, is Mr. Belloc's forecast of our

the community has already increased by upwards of two-thirds. Nor have they any intention of relinquishing what they have already won ; on the contrary their demands increase at every step. They now represent as it were, a nation within the nation, well organised, well paid and still dissatisfied. Over against this Labour " nation " there exists another, about its equivalent in numbers, not upon the average, possessed of larger incomes, and entirely lacking in its sense of unity and power of co-operation. The ranks of this other " nation " are composed of various elements, the employers (now themselves the servants of the State) the professional classes, the working men who are not organised, and the independent bourgeoisie. These elements are united only in their common loyalty to the State, and in a vague determination to preserve its authority against the tyrannical claims of the revolutionary faction. In other words, the old classification of Capital and Labour has ceased for the present to exist ; and the struggle lies now no longer between the employers and the employed, but between the close knit army of organised producers on the one hand and this heterogeneous medley of independent citizens on the other. Upon the issues of this struggle all hopes of an orderly and stable settlement depend. If Labour is reasonable, if it acts with restraint, and if it is content to trust its Parliamentary spokesmen and attain its ends by regular and constitutional methods, then it may shape its own destiny and win both security and comfort without sacrifice of its industrial liberty. If however, it presumes upon its monopoly and presses its demands too far, worse still, if it should appeal to force, establish mob rule and wrest all control of policy from the hands of its recognised leaders, then the consequences will be more doubtful and more perilous. For, when things have come to such a pass there can be no turning back. The strength of the

CHAPTER XV

SYNDICALISM OLD AND NEW

(i.)

BUT how, if the decision should fall the other way? If Labour were victorious what use would it make of victory? Could the Unions hope to build up the industrial and political edifice afresh on the ruins of the Capitalist past? Are they ready to construct as well as to destroy? To these questions Syndicalism provides the answer.

When Syndicalism first emerged into English daylight, it came with an air of mystery and an obscure menace of revolutionary troubles. The respectable citizen, puzzled by its unfamiliar name and disturbed by the omens of the great railway strike in 1911, denounced it vaguely without being well aware what manner of thing it was. But fuller knowledge more than confirmed his fears. Syndicalism, as he saw it, possessed all the worst vices of Socialism, with none of its merits. That the control of Industry should pass into the keeping of the State, he had considered as hazardous, but not as an unthinkable proposition; but that the workers themselves should lay their untried hands upon that tremendous power, this seemed to strike at the very foundations of social stability; in the respectable citizen's eyes it meant the sure ruin of England. But if such doubts and fears were felt by the middle classes and even by the more conservative among the working men, the go-ahead Unionist did not share them. He was already tiring of Socialistic

weapons may be neglected which might ensure success, and no agreement kept when it is better broken. The campaign will be long and bitter ; but it will move, so Syndicalists declare, to a grand and victorious climax, in which by some vast revolutionary upheaval the powers of Capital will at last be vanquished and overthrown, and Labour emerge the lord and master of its own destiny. Then, all rights of ownership will be abolished, all property be vested in the great organised Unions of productive labour. This step appears to them both inevitable and right ; for, inasmuch as the eternal and fundamental necessity of life is to produce, nothing can in the long run withstand the producer's claim to manipulate the world. As for the State, the Syndicalist will find no further use for this meddlesome busy-body, which does but hamper the freedom of economic man with its outworn traditions and irrelevant side issues. Therefore, lest it should seek to interfere with the new born scheme of things, the State too, like the master, must be swept away. For Syndicalism (in its most violent form at least) rejects all ties of race, country or religion. It sees nothing in life but the struggle for bread, nothing in history but the ebb and flow of markets. It is as though the hands and the belly had conspired together to deny the existence of the head and heart.

Frenchmen will die for a theory ; but Englishmen have always regarded theories with cautious suspicion. Show them that a scheme will work and they may perhaps be brought to believe in it, but even so they will be slow to put it to the test of practice. Not that the English working man is lacking in idealism ; on the contrary it is his very idealism that saves him from being carried off his feet by a one-sided truth ; it tells him that economic man is not the whole man ; it tells him that bread and butter is not the sole end of life. The claims of nationality are binding on him yet ;

exercise a general control over production and to this end it will need wide powers. First, it must own the sources of production. If property is a crime against society, there can be no reason under heaven why the miners should possess the mines ; nor if they did, could anything prevent them from misusing their privilege. Half the industries of the country would be wholly at their mercy ; and their monopoly would be as dangerous and despotic as the power of some great Trust. Nationalisation therefore, must be the first condition of Syndicalist success. And secondly, the State must control the character of the output and its price. Obviously it is for the consumer to say both what he requires and how much he is prepared to pay for it ; and it will be the State's business as the consumer's representative (since all its citizens are consumers) to meet their wishes and arrange with the producers accordingly. Not that the interests of the latter will be overlooked. The producers are citizens also ; and the State will not demand impossibilities ; nor will it seek in regulating prices to rob the workman of his due. Payments will correspond with the value of service rendered ; in proportion as each Trade gives, in the same proportion it will also receive. But the reward of production will no longer be dependent on the accidents of supply and demand, nor vary with fluctuations of the market. Every service will have its settled price ; and the wage system as we know it will disappear altogether.

But having settled what goods shall be delivered and upon what terms, the State (so they say) must interfere no further. In what manner and under what conditions the goods shall be produced is the producer's business and may be left to the producer to control. The whole internal economy of industry therefore will remain in the hands of the Unions. Each Union, extended now to embrace an entire Trade (or even a

(ii.)

Such a scheme, blending as it were both Socialism and Syndicalism in one, is far more reasonable and far more practicable than the vague propositions of the French. It has been formulated and even sketched in detail by up-to-date economists, who, harking back to the history of the Middle Ages, would give to their great Industrial Unions the more familiar and national name of Guilds. It is an idle fancy to summon dead ghosts out of the past; and to recall historical precedents will not in reality help us much in the solution of modern difficulties. Nevertheless, though the actual mechanism of the mediæval guilds would scarcely fit into the framework of contemporary industry, yet there is much in this theory of Guild Socialism which would meet the needs of the working-man of to-day. For his present discontent arises from social as much as from economic causes. He is conscious now that, whatever his political status may be, he is still in some sense a slave. He retains his job or loses it at a master's pleasure; submits to the precarious justice of a foreman whom a master has appointed to order him about; toils at a task prescribed according to a master's methods and under a master's rules, and performed to swell withall the profits of a master's purse. Worse still, this master is a person he does not know, perhaps has never met; a vague invisible authority which controls its workmen, like so many marionettes, from behind the scenes. Often this master is not even one man, but many, a scattered company of shareholders who feel no interest in their employees' welfare and to whom their employees can make no direct appeal. And for these men he must perform a narrow round of exacting duties which offer little scope for independence or ambition. Such a system will not conquer the spirit of the more robust; but the weaker brother is

sense of due proportion, of deliberate fomentation of class antagonism, and even of open contempt for all ties of nationality and all duties of citizenship. Yet does not the cause of all this lie, at bottom, in the long standing feud with the employer? and if the cause were removed, may not we hope that a better spirit would prevail? Even now there is a bright side as well as a dark to the Trades Union record. The English labourer can be generous to a fault, when his own people are concerned. He will "down tools" and accept the loss quite cheerfully in support of causes which (directly at least) are not his own. When fellow workers are on strike and starving, he has been known to send them food, and the self-imposed restrictions upon earnings are proof that in the policy of the Unions the interest of the weaker brethren is not forgotten. It will require no doubt many years of education and experience before the self-governing workshops can achieve complete success; but where self government has already been attempted, the men have proved themselves good judges in the choice of officers. And, even if at times they have thrown their leaders over, they are not the only sinners, politicians have been known to do the same. In short, there is reason enough for confidence in the future of British Labour; and it is after all a poor compliment to British character if the masses must be thought incapable of loyal obedience, or unfit to be entrusted with the use of power.

To withhold power from men for fear of its abuse is always the argument of the faint heart; for only by the exercise of power can the proper use of it be learnt. Nobody can learn to swim who is not allowed to enter the water; and Democracy in industry as in politics, must always be in some degree a leap in the dark. So one day,—it may be soon or it may be late—the reward will be found worth the venture; for the

of spontaneous service is its own reward. The attitude of mind is more than half the battle; and nothing is more certain than that a system which works (as the present system does) against the grain of human nature, cannot endure for ever. So long as the employees feel that they are merely profitable tools in the employer's hands, there can be no final remedy for the prevailing discontent.

There remains perhaps a doubt, and a reasonable doubt, whether industry conducted on Syndicalist lines would be so successful or efficient as it is under Capitalist control. An autocracy can always accomplish much that democracies are helpless to attempt and Kaiserdom is a more powerful instrument of material success than a republic. And it must be the same with industry. It will be long for instance before the self-governing guild could bring the right men into positions of command and still longer before it could learn to render them implicit trust and loyal obedience. Nor could we expect from these elected leaders the enterprise, the initiative, the "push and go" which is thought to be the special virtue of the independent business magnate. A manager who is answerable to a jealous body of constituents cannot indulge in hazardous experiments or embark upon far reaching schemes on his own responsibility. So we cannot but question the power of Syndicalism to ensure economic prosperity: nor avoid altogether a fear lest it should turn the wheels of progress back. Yet to admit or rather to approve this doubt is simply to condone the false ideals of the past. It was the Manchester School who taught us to place our whole trust in individualist enterprise, and to pursue efficiency at whatever cost. Too often their efficiency meant nothing else but self-aggrandisement and their boasted enterprise the loss and ruin of other men. Much of their energy was directed to unworthy ends,

were right after all ; and the allied nations who have followed an illusion are of all men the most miserable.

Nevertheless, though Syndicalism is in one sense the natural and logical development of democratic principles as applied to industry, yet in another sense it may be found to violate something to which even the rights of the majority are not superior, I mean the rights of man. For while it offers much liberty with one hand, it takes away more with the other : it delivers the weak from the tyranny of the strong only to enthrall both strong and weak alike to the tyranny of a system. When Syndicalism claims to solve the industrial quarrel of modern times by removing the privilege of property from individual hands, it is destroying a liberty which has been perhaps more permanently and deeply rooted in our economic life than any other. Such a liberty is open to abuse ; and abused it certainly has been. The Syndicalist has made a protest which must be heard and will be heard in part. But like most enthusiasts he overstates his claim ; and whatever justice we may acknowledge in his championship of the producers' rights, yet when he attacks the rights of ownership, we cannot but doubt the wisdom and the justice of so violent a departure from a tradition which is almost as old as man himself. For in the slow growth of ages, there is more than the wit of a few enthusiasts or the impatience of a single generation can replace ; and an edifice which has taken centuries to build may crumble in a night-time, when the corner-stone is once removed.

Legislation which is intolerant of all extremes, and which makes an indiscriminating attack on every divergence from the normal code, is apt to kill just where it seeks to cure; and when the liberties of the citizen are protected against all possible infringement, it may be found too late that no liberties are remaining to protect. There is a telling satire on this type of legislation in one of Mr. Chesterton's poems, which describes the sufferings inflicted by the tribe of meddling reformers upon an inoffensive citizen named Jones. This Jones possessed a dog, which at first he kept chained up in his back-yard; but in so doing, he unwittingly aroused the jealous zeal of the reformers. First he was compelled to set the dog at liberty; then, because it barked at motor-cars, to part with it altogether. Presently the police stepped in and finding his yard inadequately guarded annexed that too. Poor Jones was now detected in a new offence; having no yard for exercise (as by statute he was bound to do) his health was sadly undermined: and the medical officer declaring that his legs were "atrophied from long disuse," must needs amputate them both. Others, with still more thorough-going and officious zeal, took off his arms, and soon (out of sheer pity for such helplessness) his head. The rights of dog and motorist has each in turn been vindicated; the cause of public security and public health had triumphed; the passion for reform was satisfied; and Jones was left an obtruncated corpse. The moral of this grotesque allegory is plain. State interference may secure us immunity from wrong, but it also deprives us of the opportunity for right. To cut off the offending hand or foot, is to go maimed through life; and in the anatomy of human character liberties are the means of self-expression as the members are the agents of the brain. So with every fresh restriction of our liberties, it is as though a limb were lost. And the real danger

that abstinence drunk in moderation is good for health. On the other hand, we are no less agreed that certain liberties are fundamentally good; and these, even while we are compelled to limit, we shall endeavour to preserve. Such, for example, is the power of a parent over his child. We believe the institution of the family to be the central tie of human life and the source of half our human virtues. Therefore we shall tamper with its rights as little as may be. It may be that the abuse of parental liberties will compel us to curtail them; we may forbid the father to chastise his son in a brutal or even in an unreasonable manner; we may force him (often under circumstances of extreme hardship) to send his son to school. But the responsibility of a parent towards his child will still stand; and that this responsibility, however liable to neglect or to misuse, should be altogether done away, is for most of us unthinkable. It is a permanent and inalienable right, which every interference has not weakened; on the contrary, the limitations which we have imposed upon that right, have given it a new and richer value. The relations between parent and child are, in fact, more sincere, more generous and more deep to-day than in the old era of parental tyranny. For limitation has not supplanted the privilege of family life nor destroyed the liberty of love: and just as the artist who submits to the constraints and conventions of his craft, gains a beauty and a strength which unrestricted licence cannot give, so under the discipline of law, when rightly framed, we may find a stronger and truer freedom than we yet have known.

(ii.)

Remembering, then, that it is easier to mar institutions than to make them, let us beware lest under the present strong impulse of reform we should be

dreads as it dreads nothing else ; the very fear of it has made industrial conscription for the purpose of war impossible ; it wrecked the scheme of National Service from the start ; and it has made the working classes bitterly distrustful of every form of State-Control. Yet such loss of liberty is none the less the very goal to which Labour's own policies must inevitably lead. Under Socialism and Guild Socialism alike, the State's claim to fix the wage of the producer must sooner or later clash with the producer's liberty to withhold his labour, whenever the wages do not please him ; and when this clash occurs the State will have no choice but to employ compulsion or (if it prefers) to abdicate its claim. The power of the strike will either remain effective, or else it will be suppressed by the authority of law ; and in the latter event the producer will have lost his economic freedom. Nor, in the long run, can the State hope to banish competition except with the same result. There is only one means of making wages independent of the law of supply and demand ; and that is by depriving the individual of the liberty to choose his trade. Let us suppose for instance that the State assumes control over sea-transport. The carrying trade is an absolute necessity of national existence ; the need of export and import is permanent and urgent ; and the remuneration therefore is less affected than in more speculative trades, by the fluctuations of the market. The State then may reasonably assess the value of this service to the community and establish with justice a permanent standard of remuneration. As times goes on however, it may well happen that men will be less and less attracted towards the mercantile marine. In comparison with the security and comfort of rival occupations, the dangers and hardships of a life at sea will appear to them distasteful. The flow of recruits will cease ; and the State will once more be faced with this dilemma ; either it must

for the future would be a necessity rather than a right. Even if the privileges of private capital [were enormously curtailed, they could not be altogether destroyed, except by the sacrifice of the individual's freedom; and, seeing how great is the power of capital, how swift to accumulate and to gather strength at every stride, we may be sure that nothing short of the most arbitrary restrictions could hold the capitalist in check. Somewhere there would be found a fresh outlet for his enterprise, and therein fresh means to profit by his resources. So long as man is free to save and free to bargain (as every man of character would wish to be) Socialism and even Syndicalism must both prove broken reeds in the reformer's hand; for in each case the time will surely come when he must either surrender his doctrine of the State's supremacy or else his faith in the liberty of man.

The truth is that the Collectivist's ideal cannot be logically consistent without denying the premises on which democracy depends; for like the Individualist's ideal it is based upon a fallacy. To the men of the Manchester School the economic unit was the individual man, his duties wholly self-regarding, his interests everywhere opposed to the interests of others, and his creed to leave the public good to take care of itself and to tolerate no interference from the State. To the Collectivist on the other hand, the economic unit is the general will as embodied in the State; and (if his theories are pressed to their conclusion) his State would take no more account of the individual than the Individualist would take account of the State. The community would be everything; the single citizen no better than the slave of its will; and wherever public and private interests clash, the latter would go to the wall. Now this view of the Collectivist is, like the other, founded upon an unreal abstraction. The individual, independent of his fellows, and unaffected

of life ; and he, like the disappointed gambler, rebels against his fate and questions even the justice of the rules . So it is not strange that he should lend a ready ear to the facile remedies of theorists, telling him that all the profits should be pooled, the cards re-dealt, and the game played out afresh on the lines of a more equitable partition. Liberty is all very fine in theory ; but it has not supplied him with food to eat and clothes to wear. And though the new system may lack the spice of adventure of the old, at least it will pay him better. If indeed, Socialism means higher wages, greater comfort and less work, its moral disadvantages may (so the poor man thinks) be easily discounted.

Upon one point of plain arithmetic the ideas of the Socialist, the Christian and the thief meet in a strange conjunction. All three are agreed that to make the poor man richer we must make the rich man poorer ; and although they are not at one about the means of doing it, that is no reason to dispute the accuracy of their calculation. No special pleading of the Socialist's opponents will alter the obvious fact that the poor would benefit handsomely by a redistribution of the national wealth. Before the war, at any rate, the average income of the working man lay somewhere between £60 and £70 a year, and, if by some miracle, the national income should be divided up and distributed in equal parts among all adult bread-winners, then that average would be increased by approximately *one half*. So sweeping a reform however is hardly to be contemplated by even the wildest of fanatics. The object of the Socialist's attack is not so much the man of moderate means, the small capitalist, the professional man, the tenant-farmer or the well paid artisan ; it is directed rather against the super-wealthy, the individuals who possess an income of (let us say) £5,000 or over. If their goods could be "divided and given to the poor," he would

system as a whole ; for without that system such progress would scarcely have been possible at all. It was the enterprise, the courage, the foresight and (if you will) the greed of the big manufacturers and merchants that gave the needful impetus to trade, initiated hazardous experiments, perfected new devices, and so brought about that miraculous increase of production of which the workers are reaping the benefit to-day. Did we stand once more on the threshold of the Industrial Revolution, and see clearly before us all the gain and loss of unrestricted competition, who would dare assert that any alternative system could produce equally good results? And, looking forward into the future, what assurance can we have that, if our policy were to be reversed to-morrow, the same rate of progress would continue as in the past? The wise traveller, when he sights a pool of water across the desert sands, does not empty his flask dry until he has good proof that his hopes are based on no illusion ; and before we can safely dispense with capitalist control, we too, must have definite proof of the efficiency of its successor. We must be sure that the collective intelligence and purpose of the masses, will be equal to their task. Will they, in other words, be able to repeat or even to improve upon the capitalist achievement? Is there real reason to predict that a hundred years hence the average member of the Socialist community would be twice as rich or more than twice as rich as the average worker of to-day?

Before we can give an answer to these questions and decide whether industry under popular control would be as effective as under capitalist control, we must, I think, consider the problem under three aspects ; first, what will be the effect of this change on the production of wealth, second upon the saving of wealth, (that is on capital,) and last, upon the use of wealth when it is saved.

individual is the servant of the State, we may hope indeed that he will feel the call of patriotic duty and put forth his best efforts to benefit the community at large. But human imagination is not strong. So large a unit as the State is too vague and too elusive to appeal to every man. He will never see perhaps the tangible results of his endeavours; his share in the general scheme is too minute to excite his ambition or his pride. But make the economic unit smaller; share out the profits among the members of a Guild or still better of a workshop; and the case will be very different. Then at once a certain *esprit de corps* will be aroused; the healthy influence of public opinion will supply a stimulus which will be felt by managers and men alike; and even the loss of competition will not be noticed, if the spirit of co-operation takes its place. In short, so far as efficiency and effort are concerned, industry might well pass from individualist to syndicate control, and still survive the shock.

(2) Over the second point, however, we are at once upon more questionable ground. It is clear that the vigorous production of wealth is not alone sufficient for progress; there must also be conservation of wealth, or industry will remain at a standstill. Now though men may be ready to work their best for the common cause, it is much more doubtful whether they will be prepared to save for it. Economy of public funds has never been an easy or common virtue. From the minister who squanders the resources of the State, down to the man who wastes the writing-paper at his club, it is the same unvarying tale. What is everybody's business is the business of no one in particular; and while we are careful of the private penny, we are carelessly indifferent of the public pound; and if proof of this were needed, the record of municipal finance is enough to show how little the average citizen is

moreover that from the very circumstances of the case their temptations to extravagant expenditure will in a sense be greater than are his. The private individual who receives an income of a hundred thousand pounds, can hardly spend the whole. It is almost a foregone conclusion that three quarters of it will at the very least be saved, and so will serve in its turn to capitalise fresh output, by which we must remember others will benefit as well as he. So the great financier acts, as it were, as the repository of the nation's wealth, or at least as a brake upon the national expenditure. If, on the other hand, that hundred thousand pounds were distributed among a hundred thousand persons, the result would probably be very different; for the temptation of spending it would be increased a hundred thousand fold. Wealth may be likened to water which, if gathered in a lake or hollow can be saved for further uses, but which, if it descends upon the ground in innumerable rain drops, is rapidly absorbed and drained away. It may indeed be argued that as rain is necessary to feed the ground and fertilise the crops, so in the same manner, increased consumption may raise the standard of living, stimulate the people's energies, give an impetus to trade, and thus in the end bear fruit in an increased production. But the central reservoir is also needed, that is if we are to improve on nature and irrigate our lands. So the capitalist too may have his function; he too may be necessary to the proper improvement and development of our national resources. And if we were once to break the dam which holds these gathered waters, can we be sure of the result? No doubt a temporary relief would be felt in the parched and sterile places; maybe the immediate harvest would be the richest ever known. But who can say whether in the uncertain future, the scattered waters could ever be regathered or the broken dam rebuilt? It seems more than

appeals to the adventurous when it offers the prospect of a twenty per cent. return, must seem less tempting when it means no more than the difference between four per cent. and five. The instinct for adventure would hardly be encouraged by the Socialistic state; least of all is it likely to be found in the salaried officials who will for the most part direct financial policies. For as we have seen above, the official is not like the capitalist his own master. He has none of the capitalist's inducement to adventure. He will not make any personal profit out of a speculative deal, and he dreads the odium of possible failure more than he values the applause of possible success. Neither is he likely to initiate nor is the jealous body that controls him likely to approve any sudden or bold departures from the beaten track. Democracies are naturally suspicious of their servants, quick to visit punishment upon those who blunder, slow to encourage originality and imagination; and if the industrial pioneer is to have free rein for his genius he must be hampered neither by the red tape of officialdom nor by the burden of responsibility to others. This is not indeed to say that the spirit of adventure will be equally needed in every branch of industry or in every department of commerce. There are some kinds of production which involve little element of risk. When the demand for a thing is constant, and the supply of it regular and secure, the producer's task is straight-forward enough; there is little call for startling innovations. The transport service is a case in point. We can calculate precisely what train-service will be needed in the various parts of the country; and no special enterprise is wanted to supply those needs. Competition in supplying them will in the long run be extravagant and costly; and a public system of control (if placed in reasonably skilful and energetic hands) would mean better organisation and substantial economies. There

forges patiently ahead. Were we forced to wait for innovations and improvements until the general public is aware that they are wanted, we might very well wait till Doomsday ; but if we allow the capitalist his chance and give him a fair field for bold initiative and reasonable profit then all the wealth of human ingenuity will be at our disposal and we shall not be kept waiting long.

We have now considered under three different aspects the fitness or ability of the people to undertake the control of industry and to fulfil the function of the dispossessed capitalist. Of its very nature, all forecast of the future must be guess-work ; but so far as past experience can prove anything, it seems that upon two of those counts at least the people would be found wanting. Under the Socialistic State we may hope (though we cannot be certain) that a sense of duty and loyalty to the common cause would supply the stimulus to energy and zeal which is now supplied by private profit ; but for that difficult combination of audacity and self-restraint which has been the mainspring of our past industrial progress, we have found no substitute. These are qualities which legislation and organisation alone are powerless to produce. It requires a particular environment of economic conditions to bring them out, just as much as it requires a particular environment of physical conditions to develop the craftiness of the tiger or the docility of the cow. Education may do something ; but education of the class-room is not in itself enough. It is only in the hard school of life that these lessons can be learnt. True thrift is taught not by compulsory economy ; but by the painful discipline of personal experience. A man begins to value the importance of doing right, only when he has seen or tasted the consequences of doing wrong. Individual virtues are the outcome of individual responsibility ; and however

risks that character is made. The man who goes on guiding strings through life, will surely be found wanting when the big test comes, and he must stand perhaps alone. The Spartan, well drilled and moulded as he was in the iron discipline of Lycurgus, often broke out into licence and debauch when he found himself abroad and beyond the reach of the State's controlling hand. From the behaviour of Germans in our own day the same moral may be drawn. There is no easy road to Virtue; and if the State attempts to manufacture what can only come by natural growth, it will one day find that the law-made virtues on which it counted have failed it at its need.

(iv.)

If, then, this analysis be true, Socialism stands doubly condemned. Whether regarded as a moral education or solely as a business proposition, it is alike found wanting. It removes the natural incentive to enterprise and thrift; and yet puts nothing in its place. It destroys the economic liberty of the individual; and yet offers no security of progress to the community as a whole. If we were sure that by forfeiting our freedom to save and bargain we should indeed bring the millenium nearer, the sacrifice might perhaps be worth our while. But if Socialism, while bringing us a temporary advantage, were to end in ultimate stagnation, then we should repent at leisure of our premature impatience; for, like the Arab who has killed his camel to extract the water from its carcase, we should find ourselves satisfied indeed for the instant, but no longer capable of travelling to our journey's end. And is it in truth so very strange if this instinct for economic liberty should prove after all to be the basis of material progress? Even the abstract laws of conscience and religion have also their utilitarian

NOTE ON THE RATE OF INCREASE OF AVERAGE INCOMES UNDER THE CAPITALIST SYSTEM.

Some striking figures have been compiled by Mr. Mallock, which give us the opportunity of testing the true value and effect of redistribution upon socialist lines.

Mr. Mallock takes first an estimate of the *ideal* average of income per head, supposing the total wealth of the country to be equally divided. Next he takes the average income per head *actually* enjoyed by the poor (the class that is supported upon wages of £160 per year and under).

Putting the two estimates side by side, Mr. Mallock arrives at the following result.

	A		B
	Average income, if the nation's wealth were equally divided.		Average income of individuals supported on less than £160 per annum.
1801	£20	—	£14
1850	£24	—	£17
1880	£35	—	£24
1910	£45	—	£34

Thus it will be seen that the "ideal income" which a complete redistribution of wealth would offer, is reached by even the poorer class in a period varying from thirty to forty years. If Socialism failed to ensure a continuation of this normal rate of progress, the poor man would actually be a loser, not a gainer by the deal. In the future moreover we may expect with reasonable confidence a considerable acceleration of this rate of progress. It would not be at all surprising if, all going well and the population remaining stationary, the average income were doubled in the next thirty years.

body else. He has a large fund of instinctive common-sense ; intensely conservative in his habits, seldom for long the dupe of passion or illusion, and possessing a shrewd grasp of practical issues, he has no great liking for political chimeras. His speech, it is true, often belies his instincts ; for, though his grievances are real enough, he is a poor hand at expressing them in words ; and if he often takes a grim pleasure in the over-statement of his wrongs, and in applauding the exaggerated claims of revolutionary enthusiasts, that is a common failing of mob psychology. His true grievance is simply this ; that he is not treated as a responsible being. Given a job to do, he is not consulted how it should be done ; asked to work overtime or to make a special effort, he gets no thanks ; and if he does his work well and thereby improves or accelerates the output, he does not touch a penny of the extra profit. In a word, he is used as a tool or a thing, and not as a man with a will and a soul of his own. And all the while he knows that business might be conducted upon different lines ; he knows that, were he given responsibility he could justify the trust. He knows that industry might be again what once it was, a partnership between the master and the man. If then he thought that the capitalist were willing to acknowledge that partnership, we should hear no more talk of sweeping the capitalist away. For the working man knows well enough that the capitalist understands the management of industry and that he himself does not. And to the capitalist he will readily leave it if the capitalist will allow to him also his due share of responsibility and trust. For there is one special part of industry which every working man does understand, and that is his own part ; and if over that part at least he were given a limited control, he would perform it well content. For while his reason tells him that brains and hands have each their separate function,

it fail us now ; and even if we seem to be drifting heedlessly towards a critical *impasse*, that has always been the English way ; and it is none the less certain that, before it is too late, our traditional genius for compromise will awaken and carry us safely through.

(ii.)

We have endeavoured hitherto to trace the course of the industrial conflict and to understand the issues upon which that conflict turns. Can we now foretell the probable solution or guess what form the compromise will take ? Such prophecy cannot be easy. There are three rival claims to reconcile, the capitalist's, the worker's, and the State's ; and the relative strength of these three rivals depends upon the chances of an uncertain future. From year to year the balance of power is shifting ; and the economic forces which control it defy strict calculation. Still less can we foresee under what circumstances and in what temper the disputants will meet to negotiate the peace, we cannot tell whether the terms will be dictated by the triumph of the strongest or whether the settlement will come through mutual concession and forbearance. Nevertheless, having regard to the abstract justice of the three rival claims, we can at least hazard an outline picture of the ideal compromise ; and in such a compromise the theories of Socialist, Individualist and Syndicalist alike will each claim some share ; for each, as we have seen, contains some measure of the truth. The Socialist rightly asserts the paramount interest of the community in the regulation of supplies ; therefore we shall recognise the State's authority to exercise a supervisory control over the entire business of production and consumption. The Individualist asserts the liberty of every citizen both to bargain and to save ; therefore (within the limits which

and productive.* There will no doubt be other industries over which the same controversy will be waged ; but generally speaking the burden of proof will lie with the Socialists ; and unless the advantages of State control are definitely established, the Government will do well to leave the industries in private hands. This brings us to our second point ; and forces us to ask what will be the relation of the State towards competitive production, and to what extent will it seek to interfere between the Capitalist and the workers. The answer plainly is that the State will interfere as little as may be. By hypothesis, the individual, be he capitalist or worker, will be free to bargain as he pleases ; and any habitual interference of the State in the matter of prices, wages and profits generally would be a fatal encroachment on that liberty. Where however the liberty is used (as it may be used) in a manner which is clearly detrimental to the public interest, then it will be not only legitimate, but necessary for the State to interfere. For example, if the frequency of strikes or lockouts, or the magnitude of a particular strike or lock-out, causes serious inconvenience to the consumers, the Government may impose its veto with perfect justice and enforce a settlement by compulsory arbitration : for all abuse of liberty when objectionable to society at large, becomes a crime, and all crime it is the Law's function to

* There is another consideration which seems to point a different way, and which would lead to a Syndicalist rather than a Socialist solution of the coal-mine problem. Although the financial risk of mining is borne by the mine-owner, another yet more vital risk is borne solely by his employees—I mean the personal risk to life and limb. Even a high wage seems scarcely an adequate compensation for the dangers which these men run ; and that the *profits* of their risk-taking should go to a man who does not share it, seems less than justice. There is therefore much to be said for the scheme whereby the mine-owner would be content to receive some fixed standard of remuneration, while allowing the miners themselves to make what surplus profit they can out of their perilous occupation. The same argument would perhaps be equally applicable to the Mercantile Marine.

then they cannot possibly deny the State's right to investigate their methods, and insist upon a proper use of their resources. How far the State would exercise this right would depend on circumstances ; the scope of its authority would naturally be in proportion to the assistance which it gave. Were it for instance to undertake (as Sir Leo Chiozza Money thinks it should) the entire organisation of the country's food supply, buying the produce from the farmers at a bonus price and handing it on in turn to the retailers, then it is clear that the State would be in a very strong position. The same national necessity which make it needful to encourage British agriculture, demands also that British agriculture should be efficiently conducted ; not only would the State supervise the teaching of agricultural science, subsidise chemical research, provide co-operative machinery, and indicate the best methods of increasing our production ; but it would have every right to insist upon its advice being taken ; it could press the farmers to make use of these facilities and even penalise culpable inefficiency or waste. Industries less dependent on public aid would not be equally at the beck and call of government departments. The degree of State control would vary, as it varies among secondary schools and universities which receive financial grants from the Exchequer. But in any case the State's right of interference would not relieve the individual farmer or capitalist of his personal responsibility. For he would not as under Socialism, be the State's servant ; nor would the State be owner of factory or farm. Where each had a stake responsibility would be shared ; and both would be working in co-operative partnership for the good of the community at large.

To such a course there are however many drawbacks, the more liberal school of politicians are strongly opposed to it ; and hitherto at least they have received

to-day. But, for the rest, the State will not seek to meddle in affairs which are not its own ; rather, it will leave the enterprise of individuals to find a natural outlet. At home, it will not foster one trade or assist one class at the expense of others. It will enforce no special policy upon them, and take no sides against particular countries abroad.

As between employees and employed, the State will be an impartial witness of the industrial tug-of-war. It will not endorse the claims of the workers, because the workers are numerous ; neither will it favour the capitalist because the capitalist is powerful. Demand and supply will still continue (except for the limitations above mentioned) to regulate the market. The rise and fall of wages and profits will not be governed by the arbitrary justice of some State Department ; but by the natural working of economic laws. The reforms of the future will not proceed from political agitation nor from a tyrannical use of the majority vote, but rather from a mutual good-will and agreement between capitalist and worker ; and to the relations which will exist between these two we now must turn.

(2) First and foremost, it is clear that the general control of industrial policy will lie with the capitalist.* His right of choice in the disposition of his savings we have already seen to be an essential feature of a free economic society, and that right must, within limits, be secure to him. Besides this, he will be naturally fitted, both by character and by training for the organisation of business. No working man in his senses ever denied the value of brains, and the man who rises to a position of command in business as in other walks of life, must needs possess a natural genius for his task ; the less he is hampered in the use of his qualities, the more he will be likely to achieve success.

* Ultimately, as will later appear, this class will come to include employees as well as employer.

and merely watches the use and disposition of his capital with a remote but jealous eye, there is none the less for the capitalist responsibility enough ; his obligation cannot be shirked ; and while he has a trust to perform to other shareholders, he has an even greater duty towards men in his employ. It is according to his method of discharging this duty, that the true success or failure of his management is to be measured.

The wise ship's captain who understands the art of leadership, knows that, if he is to deserve his crew's confidence, he must give them his ; and so, too, the employer will recognise that he cannot get the best out of his men unless he allows them to share responsibility with him. This he may do in two ways. First, he will consult them freely upon all points where their own interests are affected. Not many years ago it was thought beneath the dignity of an employer to enter into such relations with his men. In 1911, the Railway Unions went out on strike because the Company Directors refused to meet their representatives or even to acknowledge their existence. But there has been a significant change since then. During the war industrial committees have been set up in which men and masters sit side by side.* The advantages are twofold ; the masters may often obtain valuable advice concerning the details of organisation, and learn the simplest and most agreeable method of getting the work done. On the other hand, the men will be better able to appreciate the difficulties of their employer, and to take a long-sighted view of plans and projects, and by means of this greater knowledge to reconcile their fellow Unionists to necessary changes. Thus, when during the war the scarcity of cotton compelled the mill-owners to curtail the working hours, the repre-

* In adopting the recommendations of the Witley Report (1917), the Government propose to apply this principle to all industries under their control.

our public schools, with which it has often been compared,* And this system is a serviceable model as well as a sound analogy ; for it is something more than an antidote for insubordination or a safety valve for discontent. It is an education in itself, a training in responsibility which can develop, as nothing else can, that special genius of the English race, the capacity " to govern and be governed," which is the true secret of our national liberty and greatness.

3. It remains for us to ask how far this compromise will satisfy the workers. Will they be willing upon these conditions to accept the supremacy of the capitalist ? Or will they still desire to be rid of him altogether and to remove the objectionable necessity of service ? Now in answering this question it must first be said that if industry is to be carried on at all, it must be organised ; and organisation is impossible without discipline and authority. Capitalist or no capitalist somebody must command and somebody must obey : and there seems no real reason for supposing that obedience to a Socialist Government or to a Syndicalist Guild would be more agreeable to the individual than obedience to a capitalist employer. Indeed the latter might easily appear to be the lesser of two evils ; for whereas there would be no alternative to the service of Guild or Government, the employee who is dissatisfied with one master is always free to seek service with another. In theory at least, he has the option between continuing his contract or closing it, he has therefore no just cause to quarrel with a contract which is made of his free choice. That contract it is true is a contract of service ; and since under no system can we all be masters, some must of necessity accept a lower room. There is nothing derogatory about service, the soldier

* Mr. Selfridge has adopted the very phrase in the attempt to institute a system of self-government among his own employees. See his recent book on the " Romance of Commerce."

produced. If production is indeed to be considered as a partnership between capital and labour, then it seems that there must also be a fair division of the spoils. Profit-sharing or co-partnership is no new invention. It is an experiment which has frequently been tried; but for one reason or another it has more often met with failure than success. The cause of the break-down however has arisen, not from any inherent weakness of the scheme itself, so much as from the practical difficulties of its application. It has failed, partly because the workers are not easily convinced that their own share is proportionate to their deserts; but even more because they mistrust the fundamental honesty of the capitalist's intentions. They will not readily believe in the goodwill of a man whom they have learnt to regard as their natural economic enemy; and they see in every offer of co-partnership a stratagem for extracting a maximum of work by a cheap and wholly inadequate concession.* Such suspicions may or may not be well founded; but though under the present circumstances they seem to be a fatal bar to all profit-sharing schemes whatsoever, that is no reason for condemning such schemes outright. Once the ground for suspicion is removed, and a mutual confidence is re-established, a basis for compromise and equitable partition could undoubtedly be found.

For all this it cannot be easy, indeed, it is quite impossible to satisfy both parties, unless both are prepared when needful, to make some sacrifice for the common cause. Most often the burden of sacrifice will fall on the employer. For, it must be remembered that if being something more than a mere investor, he manages the business by personal direction, he has in fact a very real claim upon the larger portion of the

* The practical difficulties of Profit sharing and Co-partnership are more fully explained in the note at the end of this chapter.

must share in the losses also. And here it is that the difficulty arises, for it is abundantly clear that to the individual worker, with his too slender margin of resources, such losses may mean nothing short of complete catastrophe.

For we cannot expect the artisan out of his two pound wage to make good a loss which might cut down his weekly income to a pound. If the mischances of industry are to be met even in a small degree out of his pocket, some better scheme must be found. Can we in other words advise some form of insurance whereby to distribute and diminish the incidence of losses? There is, as it so happens, a convenient precedent to follow; of profit-sharing schemes the most satisfactory is known as the shop-piece-work system. The principle of this is simple enough; when the time comes to make the distribution of the profits, instead of assessing each man's share in proportion to his individual out-put, the basis of division is reckoned by the united out-put of the shop. By this arrangement the weaker members suffer no handicap; each will do his best for the good of all; and by the force of public opinion and the sense of common interest a high level of industry will be maintained. Now if this scheme were further extended to include not merely the members of a single shop, but a group of factories or perhaps even an entire trade, it is easy to see how the difficulty of losses might be solved. For being thus widely spread, the losses, if not altogether negligible, would not at any rate be crippling. At any given time it will be tolerably certain that while one particular factory may suffer failure, the majority would succeed, and upon the whole reckoning there would still be a balance of profit to distribute. Whether or no the employers also would choose to pool their resources in a similar manner, is for themselves to decide; but, as we have said above the natural tendency of the future will lie towards a greater

industrial profits is not the same-thing as sharing in industrial property. Now it is clear that either we have been right in what we have said about the advantages of owning property, or we have been wrong. If we are right, and if the sense of ownership is a real stimulus to effort, enterprise and thrift, then we cannot in justice deny to the employed what we have commended in the case of the employer. We cannot be contented with half measures ; and once we are prepared to perpetuate Capitalism, there can be no stopping short until we have ensured that labour should become capitalist too. Happily, there is no great obstacle to such a development ; indeed there are abundant signs that it is coming. The working class are already investors on a considerable scale ; and by that I mean something much more than the possession of a trifling balance at the Savings Bank. They hold shares in every sort of business, and derive from these an income which in 1910 was estimated at thirty millions. But perhaps the most interesting example of industry capitalised in no small degree by working folk, is to be found in the Co-operative Societies of consumers, of which we spoke above. It has been asserted, though probably with some exaggeration, that one-third of the country's retail business is already in the hands of the co-operatives. The movement has clearly a great future ; it is sure to spread, since it attracts members by the double inducement of low prices and a bonus divided on surplus profits ; and, though the range of its extension is obviously limited by the fact that the number of commodities to which it can be applied is also limited, yet it will, within those limits, do most valuable service by encouraging the habits of economy and investment. At any rate it is not too much to say that thrift is gradually becoming popular among the masses ; and, what is more important, it is becoming now for the first time possible. So long as the income

before. It is not that the capitalists will receive less, but that the working man will receive more; and when that happens, he will be under the necessity no longer of consuming all that he earns. He will be able to save and by the investment of his savings to join the ranks of the capitalist class.

With wages sufficient for his wants, and an ample margin for investment, it might well be thought that the working man would have attained the summit of his hopes. Yet even so there is one last step to be taken before the old reproach of wage-slavery can be done finally away. When we claim for property (as we have claimed above) that it brings out a man's best gifts, stimulates his interests, spurs his energies, and teaches him the lessons of independence and responsibility, it is not so much of the mere possession of property that we are thinking but rather of the active use of it. Deep down in every human being there is planted, it would seem, something of the creative instinct of the artist; and we take an artist's pride in all effort expended upon that which is peculiarly our own. From the millionaire who watches over the business it has taken him a life-time to build up, down to the peasant proprietor who comes as it were to know and love every animal and plant upon his farm, it is always the same story. It may be that man is incorrigibly selfish; yet we must take him as we find him. It is a law of his nature that the more stake he has in any enterprise, the greater will be the zest he will throw into his task, and the greater the happiness that it will bring him. If, therefore, we accept this law, it will not content us that the working man should invest his savings somewhere. He must be able to invest them in the firm or factory where his own work lies. His interest in the prosperity of the business must be no longer the indirect interest of a servant, it must in some degree be the direct interest of a pro-

share in the organisation also, of his own industry. What a reversal of present day conditions this would involve it is not difficult to see. Picture for a moment the practical changes which would inevitably follow. The annual meeting between the Shareholders and Directors of the Company would no longer be attended by a mere sprinkling of haphazard critics, only partially interested, and for the most part wholly ignorant of the detailed working of the business. In their place would sit an eager gathering of foremen and managers, operatives and clerks,—each of them possessing expert knowledge about the details of his own department, all of them equally intent to criticise mistakes, to air their grievances, suggest new policies, and promote the common welfare of the whole establishment. The election of directors would now have become a reality ; representatives would not be chosen for the sake of some high-sounding title or upon a hearsay reputation for sagacity. The coveted honour would be bestowed on those who had served their apprenticeship under the jealous eye of their fellow workmen, and who had proved themselves not unworthy of the trust. For chairman they would naturally nominate the one time master of the business—the capitalist employer ; and provided always that he retained the confidence and goodwill of his new colleagues, he would continue to exercise the influence and authority to which his large stake in the concern entitled him. If, however, through negligence or intractability on his part he were to forfeit that confidence and fail to secure his re-election to the Board, his position would be wellnigh intolerable. In all likelihood he would be driven to sell his share of the capital ; and either his place would be taken by others who were in better sympathy with the policy of the shareholders, or else the shareholders themselves would combine to buy him out. Such an occurrence would no doubt be rare ; the shareholders would be

order of things will have returned ; and the skill of the human hand or human brain will be supreme. Man the producer will no longer bow down to whoever owns the mechanical agents of production, craving the use of them and selling his services for bread. Rather, forasmuch as he has skill to use them, they will gladly be offered for his use, just as money which men cannot themselves turn to profit, is put at the disposal of a bank which can. *Capital, in short, will no longer hire labour, but labour (whether of hand or brain) will hire capital.* The tables will have been turned.

Thus, after all, the Syndicalist's dream will have come true, though not in the way he had expected. The producer will indeed have come by his own, but not by the forcible expropriation of the capitalist. The Syndicalist in fact, was at once both right and wrong. His error, like the Socialist's, springs from a crude impatience and from a narrowness of vision. Both of them see things with the partial eye of the theorist who imagines that in his own theory the whole of truth is contained. They are intolerant of rival philosophies and can scarcely be persuaded but that there exists some single panacea which will set the whole world to rights. Yet truth, they might have remembered, has many faces ; the theories of Syndicalist, Socialist and Individualist as well, are complementary and compatible rather than contradictory or exclusive. For each has seen some side of the truth. In part the Socialist is right ; for there are indeed many functions of production which are best to be managed by the State ; in part the Syndicalist is right ; for the power to produce is what ultimately counts. In part, too, the Individualist is right ; because it is for a man himself to shape his own character and destiny. So in the evolution of the perfect Society, each of these three theories will play its separate part, and each contribute to the formation of a concerted whole. By what

that at one time or another it will witness the Socialist State or the Syndicalist Society in being, just as some would say that we have already had the Individualistic Society: They will not last. For these are able to satisfy but one side of human nature and no more; but in the perfect society, if man has patience to await its coming, every side of his nature will find its adequate fulfilment.

(iii.)

And now, perhaps we need to remind ourselves that we are living in the present, and are face to face with the problems of to-morrow.

Prophecies cannot help us greatly; and though we have sketched the lines of the ideal compromise it must be admitted that the lines are vague. Yet perhaps it is better so. The most elaborate and clear-cut of political codes is not always the most permanent or the most effective; rather it is the vague elastic structure of the English constitution which commands the admiration of the world. Strict definition of powers and functions which leaves no room for change and growth can give no guarantee of permanence; for the machinery which the human mind creates to-day, it will outgrow to-morrow; and no system can impose an artificial harmony which does not exist in the purposes of men. So, whatever the form it takes, the compact between Capital and Labour must depend in the last resort upon the goodwill and good sense of either party. Both must be prepared to bear in some degree the other's burdens; both strive to comprehend the other's mind. By the spirit of "sweet reasonableness" and self-restraint without which our political system would long ago have resulted in chaos, we have in fact achieved unity, order and continuous development. And the same spirit may yet in the future serve to

individual workers he will not forget the interest of the State whose members they also are. Between these many claims and counter claims the choice cannot be simple ; to reconcile them all requires a difficult combination of self-sacrifice and worldly wisdom, uniting as it were the prudence of the serpent with the gentleness of the dove. So before the patriot employer there lies a task immensely complex, immensely arduous, and immensely repaying too. Then and then only will he have succeeded in it, when all these rival claims are reconciled, when, each in his allotted station, every single man whom he employs is enabled to exercise his best abilities both for his own good and for the good of all the others, and when, finally, each industry is so organised and so directed as best to serve, not the private advantage of employer or employed, but the healthy and prosperous development of the whole community.

NOTE ON PROFIT SHARING.

During the last hundred years many schemes of Profit-sharing have been tried, occasionally with success, but more frequently the reverse. Some schemes have proved in practice more serviceable than others, and though there is no wide divergence in the principle involved, there is considerable difference in the actual machinery employed. In some cases the workman receives an extra bonus which varies according to the amount of the out-put or the market price of the finished product. Thus in the iron industry, a furnace keeper is first paid his normal wage and then, over and above that, he gets an additional percentage according to the price of pig-iron. The bonus may be apportioned in two ways. It may go to the individual worker in proportion to the quantity or speed of his individual out-put ; or it may be divided equally

manager, will make large profits and the workers will benefit accordingly. A second, which is less fortunate in these respects will be less profitable, and the workers will be correspondingly ill-paid; but when they endeavour to obtain redress they will receive no support from their more fortunate comrades. So there is a fear lest the solidarity of the Union be thus impaired; and very naturally the Union leaders have been driven by this fear into opposing the whole policy of profit-sharing. Yet in the long run, such an objection need hardly be fatal to the project. For, as the Unions win for themselves a more assured position, and as their members are educated more and more to realise the supreme importance of united action, the danger will disappear; and when moreover the other ends which the Unions now hold in view are successfully attained, they need no longer fight so shy of a certain disparity in profits. Perhaps however the surest method of setting such fears to rest would lie in an extension of the shop-piece-work system. If the bonus were calculated upon the aggregate profits of the entire trade, there would no longer be any ground for complaint. The members of the less prosperous factory would benefit by the prosperity of others; and yet all alike would feel that their own earnings were dependent in some degree upon their own individual efforts.

So much for the first objection to Profit-sharing; the second is more vital. It has its roots in the inveterate suspicion with which all employers are regarded. For the workers cannot as yet be brought to believe that the concession is ever offered from purely selfless motives. "*Timeo Danaos et dona ferentes*"; such generosity doubtless conceals a trap. Now most employers would not deny that one result of profit-sharing is to stimulate production. The offer of the bonus is a lure like the carrot hung before the

control, but for the most part they are the results of the long standing feud between Labour and Capital and of the distrust and jealousy which that feud has bred. The first step towards a permanent agreement is to dissipate this tainted atmosphere; and that nothing but good-will and sincerity can possibly achieve. The second step will be to discover some working principle of profit-sharing which will be not only just but agreeable to both parties, and to devise some machinery by which the proportion of the shares may be fixed and from time to time pass under revision.

he may learn to use rightly the power over his fellows which wealth will put into his hands. For more than all else, it is his false ideals and imperfect sympathies that are the real enemies of his peace ; and not until the law of conscience is become the authentic law of the land will his troubles pass finally away.

Let us not be deceived. It is no mere pedantry, no fanciful belief in the value of book-learning that sees in education the one sure panacea for the world's ailments. The child is father to the man ; and those who control or superintend the training of the young, hold in their hands the future destiny of the race. In its schools, as nowhere else, the character of a nation is moulded ; and it is by the national character before all that the great movements of history have been and always must be determined. Character founds empires or loses them ; prepares revolutions or submits to tyranny ; and (nowadays at any rate) decides the issues of peace and war. Such things do not happen at haphazard. The hidden springs from which they take their rise are the ideals and prejudices, the fears and aspirations deeply rooted in the national consciousness. These spread and propagate with an unseen growth ; but in no soil are they more fruitfully implanted than in the adolescent mind. It was the professors and schoolmasters of Germany who sowed, while Europe slept, the tares from which grew War ; and if the influence of these men, when directed to an evil purpose, was fraught with consequences so terrible and so momentous, what might it not equally achieve, if employed for the salvation rather than the destruction of mankind ? In England, public education is but half a century old ; and already we can mark the profound effect which it has had upon the welfare and prosperity of our people. It has reduced drunkenness, diminished crime, and raised the popular standards of decency and comfort. We can trace its influence in the

tion ; we need them to establish harmony between the classes, to make a full end of the foolish and enfeebling antagonisms of the past, and to unite the energies of all in the achievement of a common purpose. We need them lastly that we may lay wisely the foundations of our future progress, whether by an even-handed distribution of industrial profits and economic power, or by a wise expenditure of public money upon the health of the people, and upon the very education which will give us the qualities of character we need. For the lessons we must learn (let us repeat) though not to be learnt fully indeed in the short years and limited experience of school life, are there at least first to be impressed upon the future citizens of the State ; and it is these early impressions, received at the most impressionable age, which count the most. For this reason we must see to it that the sudden enthusiasm for education to which the war has lately roused us, is not thrown away or misdirected. The call for a more widespread, more prolonged and more effective education is genuine and urgent ; but it is to be interpreted in the widest and most liberal sense. It must not merely be a call for better technical instruction, which will enable us to hold our own with foreign nations in the race for prosperity or power ; equally, and indeed far more do we require an education which will impart a saner and truer outlook upon life, which will give us the wisdom and the will to solve the thousand problems now confronting us at home, and which by upholding new ideals of discipline and duty will achieve here in England victories even more honourable and more permanent than the conquests of trade or war.

To some thinkers it has seemed that the Industrial Revolution was a mistake, a false step in the world's history. In their eyes the curse of machinery outweighs its blessings ; the ugliness and artificiality of

like the apple of that tree, Industrialism has indeed brought with it an attendant curse. We cannot be blind to the blemishes of modern life, the injury to health, the degradation of character, the restless habits and unwholesome morality of our great towns. Worse even than these have been the pernicious by-products of the industrial system, the tyranny of masters, the servile condition of the masses, the accumulation of property in the hands of the very few. It is as though man having created for his use a vast and powerful engine, had suddenly been caught into its coils, transformed as it were into a part of its mechanism, and constrained to slave like a turn-spit dog, to keep the monster in perpetual motion. So immense and complex has the organisation of modern industry become that it seems to overwhelm and crush out the individuality of men; for employer and employed alike business has been stripped of its human element; both are equally the slaves of a soulless system which they must obey or perish. We have lost the old completeness, the poise, the self-sufficiency of life which the agricultural society at least possessed; and we have paid the price of material prosperity in forfeiting our peace. Yet there is no reason to despair: the step which we have taken has brought difficulties and dangers obvious enough; but they should not obscure the potentialities which lie behind. The Agricultural Society, we should remember, is of its very nature static; it has no future and what it is to-day, it will be to-morrow; and a century hence it will be still the same. The Industrial Society on the other hand has opened out new and inexhaustible fields for human activity. Consider (to name but one or two) how, by means of the railway and the postal services it has multiplied the opportunities of education, social intercourse, and travel, how by the improvement of the printing press it has brought the study of art,

than ever was either before. The Industrial order of Society is no mistaken or chance development ; it is a necessary stage in the ascent of man. Just as the advance from animal to human life involves deeper sorrows and more searching pains, as well as finer pleasures and nobler tastes, so it must be also in the advance from the simpler forms of civilisation to the more complex. Life for the people of the old order was doubtless happy ; but it was limited, partly by its inevitable isolation, partly by its preoccupation with the struggle for daily bread. The society of the future will be more vital, more nervous, more given to introspection, experiencing emotions more subtle and more intense. Will it be happier ? We cannot say ; for its pleasures will be of another quality and its happiness will stand upon a different plane. Is this then progress ? We call it so ; but all we know is that the impulse of our nature compels us to move onward, always adding to our knowledge, always widening our experiences. And once we have tasted the sweets of fuller knowledge and once the horizon of our experience is enlarged, then to return to the old ways of comfortable ignorance is no more possible for us than for man to become a brute again, or for Adam and Eve to recapture the first innocence of Eden.*

(ii.)

But, though with the dawn of clearer knowledge, wider sympathies, and fuller powers all the malign influences of economic life will disappear like evil spirits at rising of the day, yet after all the rest are vanished, one obstinate spectre still remains behind. Wherever business is transacted by bargain and

* The source of future development has been well summarised by a sentence in Mr. Ashbee's book "Where the Great City Stands." "As Hellenic civilisation made the gentleman with the aid of the slave, so we may make the gentleman with the aid of the machine."

interests and cultivated tastes ; yet no sensible father who was free to name a profession for his son would choose that he should spend his days in heaving coals from grimy sacks into suburban cellars or oiling the works of a throbbing thundering machine. Worse still, as though it were not enough that such tasks should be dull and disagreeable, nature has contrived that for the most part they should also be ill-paid ; so that those men who more than any seem to need the compensations of a comfortable home and cultured leisure, are in fact the least able to afford them. For such as these there is but cold comfort in the promise of democracy, if it means no more than one out of every hundred shall win his way to better things. The door may indeed stand open for all comers, but what of that if only those can gain admission who have the strength or skill to force a passage through the crowd ; and what will it profit them that the backstair entrances of birth and privilege shall have been closed, if for the vast majority there still remains the disappointment of failure and exclusion. Dives may be ousted from his heritage of luxury ; and Lazarus be promoted in his place ; but Lazarus' brother beggars who must lie still outside the door, have no special cause to bless the chance which has been offered them only to belost. When we remember how unequal are the endowments and advantages with which men enter upon life, and how large a number are handicapped or frustrated in the struggle by weak health or lack of recognition or a thousand other checks of unfriendly fortune, we must admit that equality of opportunity can never of itself establish Paradise on earth, and that though its prizes should be drawn without favour or regard, life must still on these conditions remain a lottery to the end.

So it has seemed to some philosophers that for man, as for the rest of the animal world, life must of its very nature be always a struggle and a conflict,

dangerously misplaced, and however much we may sympathise in his aspiration for the end, we cannot but condemn the means. For the remedy of Communism must be ineffectual, simply because it is too complete. It cuts the knot of the problem, it is true, in the simplest possible fashion, rectifying inequality by destroying competition, defeating Nature by defying her. But it is not so that Nature can be treated with impunity. We may submit to her as our mistress, or tame her as our slave, but we cannot banish her altogether from the world. To accomplish man's perfection, we must first accept him as he is, recognise his temptations and his weaknesses, and meanwhile remember that the same impulse which drives him to the Devil, may equally prove the salvation of his soul. Virtue and vice are only opposites in so far as they are the right use and the wrong use of the same thing. To convert man's weakness into strength, to guide his natural impulses from wrong channels into right, that is the true task of the reformer ; but to ignore altogether the existence of those impulses, is no less dangerous than it is absurd ; as well might the man who designs an aeroplane omit the law of gravity from his calculations. This, then, is the Communist's (and in a lesser degree the Socialist's) mistake, that he undertakes to alter human nature by the simple but foolish process of pretending that it is other than it is. In the attempt to make the individual happy he would end by making him something which was not an individual at all. For the essence of individuality lies in a man's right to realise his self in his own way. A man must be his own keeper before he is his brother's, and his ideals are for himself alone to form. Now tastes differ ; one man's meat is another man's poison ; Mary listens while Martha serves. There are, broadly speaking, two types of men in the world ; one which is ambitious for material wealth and will work night and day to get

(iii.)

Though man audaciously proposes, man does not himself dispose. Philosoph¹ers may philosophise, reformers may preach reform, and legislators pass their laws ; but it is not from these that great changes take their origin ; it is from the deep elemental forces, often incalculable, and for the most part incontrollable, which drive us onward along the road of destiny. The reformers themselves are after all but the mouth-piece through which is expressed the deep and inarticulate impulse of the race. The laws are nothing more than the visible embodiment of a popular instinct or the outward acknowledgment of some pressing need. It was the Renaissance and not Luther that made the Protestant religion ; England passed the Reform Bill and not the House of Commons ; or again, if we ask what has been the chief cause of the growth of temperance in modern England, it is not the propaganda of teetotalers, but the general spread of education which has introduced new pleasures and fresh interests to counteract the lure of drink. So, if we try to forecast the economic future and to discern by what process a remedy may be found for the unequal distribution of the world's wealth, we shall seek it, not so much among the Statute books of posterity, or in the progress of Socialistic legislation, but rather in the natural development of economic forces. About that development there can, it is true, be no certainty at all : what external influences may intervene to change the course of history, we cannot tell ; it may be that out of the ruin and havoc of the European war there will arise such stern necessity for co-operative effort as will force some kind of Socialism upon us. But if the more natural process of selective competition still continues to hold the field (and as we have seen, competition cannot be wholly eliminated without an almost

to sweep a crossing or clean out a drain than to mind a spinner or a printing press. In fact the casual labourer will be as scarce as he now is common. And when that time is reached, the inevitable result will follow. The action of economic law is not to be denied. As the supply of skilled workmen becomes abundant, exceeding the demand, the reward of skilled labour will diminish, while on the other hand, the reward of the unskilled labourer who is hard to come by, will correspondingly increase. And just because skilled labour (involving as it does a higher exercise of human faculties) is more interesting, more dignified and for the most part more pleasant than unskilled labour, it will remain more popular even when it is less highly paid. Already we can see to-day how many men prefer the meagre salary of the clerk or the elementary school teacher to the comparative opulence of a pit hand or a mechanical engineer; and if the "black-coated" professions continue to attract men in spite of their financial disadvantages, we may be sure that the same will hold true of skilled as against unskilled labour. Even in professions of a higher rank, a similar result will follow. When there are as many men competent to fill the manager's chair as there now are to sweep out his office, it is pretty certain that the post will be less remunerative than it now is. In short, there will be established a kind of equipoise between the various grades of labour; there will be a more general diffusion of prosperity and the reward of different services will in some measure be equalised for the simple reason (and it is the only sound reason for equality) that the demand and supply of those services will be equal too.

Thus the whole scale of values, as we know them, will have undergone a revolutionary change; and yet in the new scale there will be no injustice. The material reward of the more intelligent and energetic will it is

exaggerated summary of life's purpose ; but at least it sets a right emphasis where emphasis is due. True success is not to be measured by what a man is worth according to the financier's reckoning, nor even by what he has achieved (though that is a worthier standard), but simply by what he is. Material possessions or practical activities are nothing except as they contribute to the building of a man's character and as they serve to promote his genuine happiness and welfare. True wealth in short does not lie within the narrow limits of material satisfactions ; it is the sum total of life's opportunities, not those opportunities alone which can be bought with money, but also those which his work and his leisure bring him. He is rich or poor according as these are great or small. He succeeds or fails according as he uses them well or uses them badly for the fullest realisation of the best that he can be. Man can no more satisfy the cravings of his spirit by the increased output of factories or the scientific exploitation of the world's resources than Midas could satisfy his bodily hunger upon gold.

That is one lesson that we may learn from the old fable ; and there is another ;—that just as for Midas there was no short cut to fortune through the freak of a fairy-tale wish, so we must expect no miracle of reform or legislation to end all our troubles in a night time. Before the world can shake free from the entanglements of circumstance into which its own misguided policies have brought it, the ancient truth which Midas had forgotten must be understood anew. For we too are in danger of forgetting that, while man may make nature serve him, he must still in a sense remain her slave. Effort is the only road to success which she will recognise. Struggle is the stern necessity which she has laid upon man ; and man must bow to her decree. So long as individuals preserve their individuality at all, it is inevitable that there should be

happiness consists ; obeying them we reap the fruits of harmony and health ; disobeying we fall into strife, suffering and decay. And because in these laws is contained some promise of an ultimate perfection, to discover and to observe them is the whole duty of man. Only when the call of whatever is highest and noblest in our being has been heard and answered will Society enter at last upon that peace in which the diversity of its members shall be blended in a perfect unity, and the power to lead a worthy, full and happy life shall be the universal birthright of mankind.

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